

**DECIDING TO ENTER TERTIARY EDUCATION AND TAKING ON DEBT:
A LONGITUDINAL PERSPECTIVE**

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DEDICATED TO

Cyril Rex Haultain

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*“Some debts are fun when you are acquiring them, but none are fun when
you set about retiring them.”*

-OGDEN NASH (Poet, 1902 -71)

ABSTRACT

This thesis describes a program of research designed to investigate longitudinally the role of debt in a cohort of 1232 final-year New Zealand secondary school students, their tertiary entry decisions and their attitudes towards tertiary education and student debt. It follows some of these students into their first year out of school into tertiary education or otherwise. Two surveys were conducted that employed the Attitude to Debt Scale (Davies and Lea, 1995) to address students' debt and savings behaviour and estimates, tertiary education entry decisions, and attitudes to tertiary education and term-time working. Debt attitudes are found to be more complex than previously proposed, and this has significant ramifications for debt attitude theory and research. Longitudinal comparisons suggest students' views regarding debt necessity does not change but their attitude to avoiding does. Students become more or less avoidant of debt depending on their circumstances. However, debt attitude results still support many of the findings of earlier research such as debt acquisition preceding a more tolerant attitude change. Debt and tertiary education attitudes are not well predicted. Students report engaging in term-time working to limit their student loans, but engaging in term-time working results in lower grades in their studies. Those from the middle and higher socio-economic classes are more likely to be positive towards tertiary education, and thus entrants, compared with the lower socio-economic classes. However, the results do not suggest this is due to debt attitudes or fear of debt.

CHAPTER ONE

INTRODUCTION

Generally, the word 'debt' implies a state of owing something (particularly money), with an obligation to repay it. Student debt, however, encompasses an element of necessity not always found in other general consumer debt behaviour. Explanations of why people get into debt relate to the personal characteristics of the individual in debt (Boddington & Kemp, 1999), although the empirical literature on credit use is very much interdisciplinary. On the one hand, it has been argued that the borrowing and repayment of money are purely economic behaviours but, on the other hand, it is felt that economic factors alone are inadequate for a comprehensive explanation of people's credit use (Scott, Lewis & Lea, 2001).

Prevalence of debt and credit

The extent of debt in today's society has caused both personal and political concern. More recently, there has been systematic research done on the social and psychological background to debt, although some of this literature is more concerned with 'credit' than with 'debt' (Scott et al, 2001). Generally, 'debt' implies an obligation that the lender is either unable to pay back or is trying to avoid paying back, at least at the time when it should be paid back. On the other hand, 'credit' implies an agreement to borrow money over some defined period, with an assumption that repayment is within the borrower's means, for example, car finance or mortgages (Lea, Webley & Levine, 1993). The wider availability of credit has led to changes in attitudes towards getting

into debt (Livingstone & Lunt, 1992). It is often pointed out that consumer credit has exploded in the last 30 years. For example, in the United States, percentages of total outstanding credit increased from 131.6% to 728.9% from 1970 to 1988 (Watson, 2003). Furthermore, not only is debt increasing, but saving is decreasing. To illustrate, the rate of saving in Canada dropped from 9.5% (of total income) in 1961 to 1.2% in 1998 (Watson, 2003).

There is reason for concern about this rapid increase in consumer debt, and its repercussions for both the individual and society. A vast array of studies have found that nearly everyone in modern society uses debt to some extent, and that it is almost impossible to avoid having a credit card, house mortgage, or credit service (Scott et al, 2001). Importantly, people vary considerably as to how they deal with their debt and how they react to it attitudinally.

Over the past decade, New Zealanders have acquired more individual debt than ever before (Reserve Bank of New Zealand, 2007; Statistics New Zealand, 2002; Turner & Schallert, 2001). This is largely due to the removal of financing restrictions and financial industry developments during the mid 1990s (Reserve Bank of New Zealand, 2007; Thorp & Ung, 2000, 2001).

New Zealand household debt grew by 240% in real terms between 1980 and 2000 (Thorp & Ung, 2001), resulting in a total financial debt of more than \$132 billion (equating to 140% of total disposable income) as at December 2005 (James, 2005; Reserve Bank of New Zealand, 2006). New Zealand households

have one of the highest debt to income ratios amongst the OECD countries (James, 2005; Thorp & Ung, 2001).

There are many theories that attempt to explain why people have debt. From the economic perspective, borrowing allows for consumption patterns to be more evenly distributed over time in order to achieve maximal utility (Antonides, 1989; Cameron, 1994). By taking on debt, individuals are able to consume sooner than if forced to wait until the full cost has been saved. It also enables individuals to cope with sudden or temporary loss of income.

The Life-Cycle hypothesis (LCH) suggests that individuals can rationally calculate their available financial resources at any period of their lives. The borrowing and saving patterns in that period are determined by the discrepancy between concurrent income and consumption (Modigliani & Brumberg, 1954; Thaler, 1990). The LCH postulates that people tend to accumulate debt when they are younger and save when they are older in order to provide for retirement (Valins, 2004). However, factors such as low income, unemployment and illness can affect this pattern of behaviour by prohibiting saving and promoting debt accumulation. Other factors such as demography, income levels, life events, over-commitment, money management skills, and structural factors such as the role of the government and lending practices of credit firms have been given as explanations for people's debt problems (Valins, 2004).

Since the 1990s, the increase in individual debt in many countries has been a source of concern at both individual and political levels (Lea, et al, 1993; Livingston & Lunt, 1992; Boddington & Kemp, 1999). Many studies have attempted to find correlates with, and factors responsible for, this increase (Rosenberg, 1989; Livingston & Lunt, 1992; Lea, Webley, & Walker, 1995; Stone & Maury, 2006). Economic variables such as lower socio-economic class, lower incomes (Livingston & Lunt, 1992), age (Livingston & Lunt, 1992), and poor money management skills (Lea et al, 1993) increase the level of indebtedness. Social and psychological factors such as status-driven expenditure, (Lea et al, 1993; Lea, et al, 1995), external locus of control (Livingston & Lunt, 1992; Tokunaga, 1993), present time orientations (Webley & Nyhus, 2001), lack of self control (Webley et. al., 2001), low self-efficacy (Tokunaga, 1993), low self-esteem (Rosenberg, 1989), and tolerance towards debt (Livingston & Lunt, 1992; Lea et al, 1993) also are associated with more debt accumulation. All the results support Lea's (1993) observation of the self-sustaining nature of the culture of debt.

Although a certain level of debt is inevitable for most people, some have more than others (Betti, Dourmashkin, Rossi, Verma, & Yin, 2001). Statistics show debt to be vastly correlated with age, with young adults in general more likely to have debt and in higher amounts than older people (A'Court, 2003; Valins, 2004). This is reflective of the LCH's prediction of asset accumulation over a lifetime. The 2001 Household Savings Survey (A'Court, 2003; Statistics New Zealand, 2001) showed non-partnered New Zealanders aged between 25 to 29 years exhibiting the highest debt ratio with \$96 owed in debt for every \$100

of assets owned (A'Court, 2003), while non-partnered individuals aged 70 and over averaged less than \$10 of debt for every \$100 of assets owned (Statistics New Zealand, 2007; A'Court, 2003).

Student Debt

A major contributing factor to the large debt ratio of the younger age groups is student debt (A'Court, 2003; Valins, 2004). Although individuals can be in debt without having borrowed money (e.g., non-payment of a utility bill, or incurring parking fines), 'Student debt' refers to all types of borrowings accumulated by tertiary students, regardless of source, amount and ability for repayment (Scott, et al, 2001).

Student debt specifically is seen as a growing social problem that has led to the term 'generation debt'. This term describes the current generation of New Zealand students, and a growing number of students in other countries, who are forced to cope with both considerable student debts and increasing tuition costs (Brett & Chamberlain, 1997).

Tertiary education provides benefits and costs both to the individual and to society as a whole. Investment in 'human capital' is important to a nation's development. It can help increase economic growth through enhanced labour productivity, improve social development and reduce social inequality (Statistics New Zealand, 2003). Statistics show large disparities in earnings between tertiary qualified and secondary school qualified individuals in most OECD countries (Blondal, Field, & Girouard, 2002). The likelihood of employment and

higher income increases as individuals gain higher education (David, 2001; Statistics New Zealand, 2003). Higher tertiary qualifications have also been linked to better health outcomes and improved prospects for their children (Statistics New Zealand, 2003).

Currently, students in New Zealand can borrow for this 'investment' from family members, friends, financial institutions, and the government. Students borrow predominantly to finance their tertiary education: this includes tuition fees, course related costs, and living expenses (Ministry of Education, 2003). The most common and largest growing type of debt incurred by tertiary students in New Zealand is the government Student Loan (A'Court, 2003).

Prior to the 1990s, tertiary education in New Zealand was almost entirely publicly funded, as reflected in the relatively lower tertiary fees (New Zealand Union of Students' Associations, 2006). The introduction by the fourth Labour Government of the flat tuition fee in 1990 (set at \$1250) saw a dramatic increase in the tuition cost of tertiary education (New Zealand Union of Students' Associations, 2006). In 1992, the responsibility for setting a fee level was devolved to institutions (although there was still some control at government level). At the same time the government set up a student loan scheme (Inquiry into Student Fees, Loans, Allowances and the Overall Resourcing of Tertiary Education, 2001), which allowed students to borrow the cost of their tuition. The Student Loan Scheme was established to encourage tertiary education participation by providing access to financial support for tuition fees and other

education related costs. Consequently, the costs of tertiary education were shifted away from the public and towards the individual (Maani, 1997).

The rate of government funding per student decreased during the 1990s in absolute terms. Tertiary tuition fees increased by an average of 13% per year (New Zealand Union of Students' Associations, 2006; Statistics New Zealand, 2005). Although the government implemented the fees freeze system for the period of 2000 to 2002, and the Fees and Course Costs Maxima (FCCM) policy in 2004 to regulate and maintain affordable tertiary education, there is still continuing increase in tuition fees. For example, the reported tertiary tuition fees for 2007 showed a 2.5 percent baseline increase from 2006 figures (Tertiary Education Commission, 2007).

On the other hand, the New Zealand government spends a large proportion of its budget annually on tertiary provisions such as student subsidies, student loans and allowance, and industry training programs (Ministry of Education, 2003). An OECD publication on tertiary education showed the per capita expenditure on tertiary education made by the New Zealand government was second behind the United States (Ministry of Education, 2003). Similarly, apart from a few (and decreasing number of) European countries that have low to no tertiary fee, the tuition fees for tertiary education in New Zealand are comparable to many OECD (Organisation for Economic Co-operation and Development) countries (Ministry of Education, 2003).

At present, student loans to fund the increasing costs of tertiary education operate in over sixty countries (Barr & Crawford, 2005). There are two main types of student loan schemes in use: mortgage type schemes (e.g., US, Canada), and income-contingent schemes (e.g., UK, Australia, NZ) (Barr & Crawford, 2005). A mortgage type student loan scheme is operated by a combination of government and private sources. It functions like a mortgage where fixed repayments are made for a predetermined period of time by the borrower until the full amount is repaid. Under an income-contingent student loan scheme, length of time for full repayment and amounts repaid are dependent upon the borrower's income. The income-contingent student loan schemes are mainly government operated, and appear to offer more flexibility and protection to the borrower when unforeseeable circumstances lead to inability to make repayments (Barr, 2004; Barr & Crawford, 2005). New Zealand has similar lengths of time for full repayment of student loans to other countries that have adopted income-contingent student loan schemes: mean length of time for full repayment of student debt: NZ 9.5 years, AUS 6.5 years, UK 11.0 years, (Ministry of Education, 2003).

Since their introduction in 1992, student loans have become the largest non-housing debt category for New Zealand households (Thorp & Ung, 2001), totalling more than \$10.4 billion as at November 2008 (Ministry of Education, Inland Revenue, & Ministry of Social Development, 2008). On the other hand, student loans appear to have removed financial barriers to tertiary education, resulting in New Zealand having one of the highest rates of tertiary education

participation amongst the OECD countries (Ministry of Education, Inland Revenue, & Ministry of Social Development, 2002).

Although the Student Loan Scheme has opened access to tertiary education for New Zealanders, the continued increase in tuition fees has resulted in students borrowing more to fund their tertiary education. The average and total amount borrowed by students have shown an increasing trend, but the average lengths of time for full repayment of student loan balances have been decreasing (Ministry of Education, Inland Revenue, & Ministry of Social Development 2006). The forecasted time for full repayment in 2006 was nine years, compared with ten in 2002. A contributing factor to this decrease was the implementation of the interest free student loan policy in April 2006 (Ministry of Social Development, 2005). The current interest rate on student loans is capped at seven percent per annum; the interest-free policy allows existing and new student loan borrowers living in New Zealand to have their interest written off, regardless of whether they are studying or not (Ministry of Social Development, 2005). However, this does not, at least presently, appear to counterbalance the combination of increasing costs of tertiary education, living expenses, and easy access to loans and credit cards – students are incurring more debt than before (Lea, Webley, & Bellamy, 1995; Lea et al, 1993; Thorp & Ung, 2001).

Theories of Student Debt

The economic value of higher education remains a strong motivation for students to participate in tertiary education (The Educational Resources Institute

& The Institute of Higher Education Policy, 1995). Economic theories have thus been proposed to explain the student debt phenomenon.

From the economic perspective, the individual is both rational and self-serving. It is assumed that the individual will use the information available and make rational decisions to maximise their own utility, both in the present and in the future (Thaler, 1992). The value of tertiary education is central to the rationale of student debt from the economic perspective. Student loans may be perceived as an intangible form of human capital investment for long-term economic utility gains through higher education and training (A'Court, 2003).

Human capital is a term often used, but seldom studied. Human capital is a way of defining and categorising peoples' skills and abilities as used in employment and as they otherwise contribute to the economy. Many early economic theories refer to it simply as labour, one of three factors of production, and consider it to be a commodity – homogeneous and easily interchangeable. Other conceptions of labour are more sophisticated. Therefore, studying is an investment in the individual's 'human capital' that is, the acquisition of new knowledge and skills will lead to above-average salaries in the future. Webley, Burgoyne, Lea and Young (2001) discussed the economic psychology of the choice to enter tertiary education in some detail and showed that the human capital theory outlined above is at best a partial account of the data.

A New Zealand Ministry of Education study by Nair, Smart and Smyth (2007) reported the investment made in the tertiary education system is

significant by government and students alike. The evidence shows that the return on this investment is considerable, with those attaining tertiary qualifications having a higher likelihood of employment and higher incomes. The data also shows that there is a significant premium associated with successfully completing a tertiary qualification. The benefits of tertiary education are not restricted to just monetary gains, with the evidence showing better health and lifestyle outcomes for New Zealanders are also associated with attaining tertiary qualifications. Overall, the outcomes of the tertiary education system would appear to be positive and substantial (Nair, Smart & Smyth, 2007).

Katona (1975) suggests that saving can be characterised as money that remains from an income when all expenses have been met. Contrarily, debt is a state of 'dis-saving', whereby an individual's expenditure surpasses their income. Thus, students are commonly characterised by dis-saving, due to the period of study which outgoing expenses are expected to exceed earnings (Katona, 1975).

This reasoning is also consistent with the Life-Cycle Hypothesis (LCH) (Modigliani & Brumberg, 1954; Thaler, 1990). Central to the LCH is the assumption of fungibility. 'Fungibility' according to the LCH suggests that different forms of wealth are substitutable, both in the present and in the future, as all forms of wealth are considered equal (Thaler, 1990; Winnett & Lewis, 1995). The individual can only rationally calculate the available financial resources throughout their lifetime if the fungibility assumption is preserved.

Under this assumption, students may consider money borrowed to be of equal value to money taken from their savings. At the same time, the incurred cost of tertiary education can be perceived by students as equal in net present value to potential future income. Hence, it is rational for the individual to borrow if they can foresee future returns of equal value or more.

Similar to the LCH, Friedman's Permanent Income Hypothesis (Friedman, 1957) proposes that the consumption and saving behaviour of the individual in any given period is determined by their prediction of permanent income over that period. An individual's permanent income is inclusive of both their current and anticipated future income, so it could be higher or lower than their actual income in that period (Wärneryd, 1999). Thus the disparity between consumption and actual income will determine the amount borrowed or saved in that period (Wärneryd, 1999). In order to attain tertiary education, some students acquire debt due to the difference between their actual income and expenditure in that period of their lives. However, they might anticipate high future income as a result of their education thus increasing their permanent income in the same period. This 'present value' takes into account current income, assets and expected future earnings, which, as a result, play an essential part in determining current expenditure (Seaward & Kemp, 2000).

Although the accumulation of student debt is consistent with the Life-Cycle Hypothesis (LCH), empirical evidence on human consumption has shown two general categories of anomalies in the theory (Courant, Gramlich, & Laitner, 1986; Shefrin & Thaler, 1988; Thaler, 1990). Firstly, individual

consumption is income sensitive. The underlying concept of LCH is to smooth consumption over the course of a life-time (Thaler, 1990; Valins, 2004), where consumption in every period should equal the annuity value of lifetime wealth (Shefrin & Thaler, 1988). However, evidence suggests individual consumption peaks when income peaks and vice versa (Thaler, 1990). Secondly, the assumption of fungibility is not always preserved in human consumption behaviour (Thaler, 1990; Winnett & Lewis, 1995). The anomalous empirical evidence against the LCH formed the basis of the Behavioural Life-Cycle Hypothesis (BLCH) (Shefrin & Thaler, 1988).

According to the BLCH, the individual lacks self-control and is generally impatient when deciding between long-term benefits and immediate gratification. In the case of tertiary students, the availability of money as they enter into tertiary institutions means that it is the first time for many individuals to be financially independent. The financial freedom to acquire student debt results in many individuals carrying the consequences of debt into the rest of their adulthood. Blaug (Blaug, 1985, 1986) pointed out that investments in human capital may not necessarily lead to long term economic gain, while most young adults are also unsure of the association between income and education (Bowes & Goodnow, 1996). This suggests that the assumption of economic rationality may not be present for all individuals that take on student debt

Research in Economic Psychology

The phenomenon of student debt has produced an interesting research area for economic psychologists. Although student debt has been prevalent in

many countries (Blondal et al, 2002), research on its effects has only begun in recent years (Davies & Lea, 1995; Lea, et al, 1995; Ashby, Robertson, & Parata, 1996; Boddington & Kemp, 1999; Scott et al, 2001; van Dyke & Little, 2002; Callender & Jackson, 2005; Stone & Maury, 2006).

Research has identified social, economic and psychological implications of being in debt generally (Drentea, 2000; Valins, 2004; Brown, Taylor, & Price, 2005). Valins (2004) reported that individuals with debt were more likely to experience financial hardship, poor mental and physical health, family stress, stigma and social exclusion, and barriers to future employment. Drentea (2000) found debt was associated with negative physical and psychological conditions. Individuals with high levels of debt relative to their income reported experiencing increasing levels of anxiety, stress and overall poor physical health. Additionally, individuals with higher levels of debt also reported experiencing more distress than their counterparts (Brown et al, 2005; Jenkins, Bhagra, Bebbington, Brugha, Farrell, Coid, Fryers, Weich, Singleton & Meltzer, 2008).

Attitudes to debt and credit

Thinking about student debt has been greatly influenced by a paper titled 'Student attitudes to student debt', by Davies and Lea (1995). In this study, Davies and Lea (1995) explored different levels of debt and attitudes towards credit and debt in a sample of UK undergraduates. They found that two-thirds of students incurred some debt by their third year of study. This willingness to borrow has been interpreted in terms of the LCH theory, as well as a behavioural

theory of attitude change (Davies & Lea, 1995). Furthermore, Davies and Lea (1995) found that higher levels of debt were associated with more tolerant attitudes towards credit and debt. Livingston and Lunt (1992) have replicated this finding with general population samples.

Davies and Lea (1995) found that levels of debt increased most rapidly between the first and second years of study, while attitudes towards credit and debt changed the most between the second and third years of university. This finding led them to emphasise that, when it comes to student debt, attitude change follows rather than precedes behaviour change.

Gender differences in attitudes and levels of debt are also apparent. Davies and Lea (1995) found that men are more likely to borrow more, owe more and have more tolerant attitudes towards credit and debt than their female counterparts. Although Davies and Lea (1995) attribute these findings to differences in budgeting and spending patterns between men and women, it has been argued that these differences are related to the Life-Cycle Hypothesis (Johnes, 1994). Females may have less tolerant attitudes and borrow less because they expect and obtain lower lifetime earnings than men.

A number of other empirical studies have examined different aspects of student debt. Of particular interest is the emphasis placed on attaining an understanding of the budgeting and money management tendencies of students, which are thought to be a foundation for explained differences in tolerance to debt (Davies & Lea, 1995). Whilst much of the research explores financial

planning and money management amongst a student sample, its origins were in the work on non-student debt, for example, the work on people's money management skills by Lea et al (1995).

Morgan, Roberts and Powdrill (2001) reported on three independent studies looking at budgeting and mental accounting in relation to student money management in the UK; and found that, overall, students were poor money managers. They also found that most students had more than one bank account as an attempt to manage their finances. In periods of financial difficulty, few students actually did much to limit their expenditure, particularly when it came to alcohol consumption and socialising (Morgan et al, 2001). More recently, a study was carried out which explored the determinants of college student money management decision-making in the United States (Kidwell & Turrisi, 2004). It was found that attitude, affect, past behaviour and perceived control are all predictors of intention to maintain a financial budget. Furthermore, perceived control was also found to moderate budgeting intentions. For example, when an individual has high confidence in his or her budgeting ability, there may be little cognitive justification for not budgeting. Contrarily, when students feel that they have lower perceived control over their financial budget, they may rely to a greater extent on their emotional feelings rather than cognitive beliefs in determining overall budgeting intentions (Kidwell & Turrisi, 2004). Yet, Boddington and Kemp (1999) did not find such evidence for poor financial management in New Zealand that might be explained by cultural differences between NZ and the US.

Lea et al (2001) expanded on the approach of Davies and Lea (1995) and drew samples not only from UK current university and graduate students, but also from prospective students (students in the penultimate year of the school system preparing to apply for university places). When considering mean level of tolerance to debt (on Davies and Lea's scale), they found that school students were less tolerant of debt than undergraduate and graduate students. Furthermore a strong non-monotonic trend was found, with school pupils showing the lowest levels of tolerance towards debt, final year undergraduates the highest, and postgraduate students and graduate student groups showing a return to mean levels more like those of school pupils.

Lea et al (2001) set out to develop a comprehensive model of student debt, incorporating the notions of spending patterns and money management in the UK. This study found that students' definitions of debt were variable, and tended not to correspond to formal financial definitions. In particular, many did not count government student loans as a form of debt. Additionally, those who owed more tended to show poorer strategies of money management, and their expenditure was driven by desire rather than income (Lea, et al, 2001). A slight but significant tendency for women to owe less money than men was also found, and attitudes towards credit and debt were slightly more tolerant among students who had been at university longer, although all current students were much more tolerant of debt than ex-students (Lea et al, 2001).

Scott and Lewis (2001) built upon the work of Lea et al (2001), by exploring the continuation of student debt after graduation, with specific

reference to student loan use, and attitudes towards credit and debt. This UK study found very little change in the levels of debt between the time of graduation and 16 months after graduation. However, it could be argued that this would be expected, due to the unforeseen expenses whilst entering the work force, particularly if the new job is in another city. Scott and Lewis (2001) also found that over three-quarters of the participants had graduated with some debt, only 10% had been able to clear their debt within the 16 months, and the amount owed had actually increased for those who remained in debt. Men were more accepting of their debt, and owed more than females at the time of graduation - a difference that had diminished 16 months later, presumably because of the higher incomes of male graduates (Scott & Lewis, 2001).

Much of the justification for borrowing is the expectation that those who attend university will recoup their fees and pay off their debts out of the increased earnings they later receive as a result of their education. A New Zealand study by Seaward and Kemp (2000) explored the existence of optimism bias in student debt. Essentially, students appeared to be unrealistically optimistic and this over-optimism may be a factor in the accumulation of student debt.

Another New Zealand study by Boddington and Kemp (1999) looked at several aspects of student debt, including the relationship between levels of debt and participants' perception of debt as measured by the Attitude to Debt Scale (Davies & Lea, 1995). Following from Davies & Lea's (1995) results, Boddington and Kemp (1999) anticipated that as debt levels rose, attitudes

towards debt were likely to become more positive, and, indeed, they found that the higher the level of university study, the more accepting students were of debt. They also found a significant correlation between attitude to debt, and the anticipated time it took to pay it back, where students who were more accepting of debt anticipated it would take a longer time to pay back (Boddington & Kemp, 1999). A significant positive correlation was obtained between attitude to debt and the amount of debt people actually had, indicating that higher debt levels were accompanied by a greater tolerance of debt (Boddington & Kemp, 1999). Furthermore, this study found that most students were using a variety of financial strategies to control their debt levels, and subsequently minimise the size of their debt while studying (Boddington & Kemp, 1999).

Such findings can be explained by the Cognitive Dissonance Theory (Festinger, 1957; Festinger & Carlsmith, 1959), which postulates that individuals have a tendency to seek consistency among their cognitions (i.e., beliefs, attitudes and opinions). When an inconsistency exists between conflicting cognitions (dissonance), the invention of new thoughts or modification of existing thoughts occurs to reduce the dissonance (Festinger, 1957). In terms of student debt, when students cannot change their behaviour (either reduce their student debt or not borrow), they may be able to alter their attitudes to become more tolerant towards debt in order to deal with their conflicting financial circumstances. As debt accumulation precedes increased tolerance, there is the possibility of increased debt dependency for those who are already in debt (Davies & Lea, 1995; Scott et al, 2001; Zhang, 2007).

Vicenzi, Lea & Rumiati (2001) made comparisons between students in the UK and those in Italy, countries that are similar in economic conditions, but very different in terms of their arrangements for student finance. In the UK, levels of debt increased across year groups, along with an increasing tolerance towards credit and debt. In Italy, by comparison, very few students were in debt and there was no change in level of debt across year group. Vicenzi et al (2001) attributed these differences to ten years of enforced culture of borrowing in the UK, where student debt was seen as a fact of life, distrusted by those who have not yet experienced it, and increasingly tolerated by those who have to use it. In comparison, students in Italy saw credit use as uncommon, and something only the wealthy could afford.

Mental Health

Students' interpretations of their financial situations have been associated with poor psychological and physical well-being (Cooke, Barkham, Audin, Bradley, & Davy, 2004; Covington & Weidenhaupt, 1997; Jessop, Herberts, & Solomon, 2005; Roberts, Golding, & Towell, 1998; Stradling, 2001). Students who interpreted their level of debt as being unmanageable upon graduation were more likely to suffer from depression and anxiety (Roberts et al, 1998; Roberts et al, 2000; Stradling, 2001). However, another group of studies found the level of financial concern was predictive of both mental and physical health, while anticipated debt levels upon graduation were not (Cooke et al, 2004; Covington & Weidenhaupt, 1997; Jessop et al, 2005). Overall, the results suggest students' subjective interpretations of their financial situation are more predictive of their physical and mental health than economic factors alone.

The effects of student debt on students' mental health have recently been examined in New Zealand by Kemp, Horwood and Ferguson (2006). The longitudinal study, following a cohort of 1265 New Zealanders, found no evidential association between students' debt level and their mental health (Kemp et al, 2006). Conversely, Jenkins et al (2008) found both low income and debt to be associated with mental illness but the effect of income appears to be mediated largely by debt.

Tertiary Entry

There is a considerable body of research on the complex factors affecting young people's access to tertiary education. Some of these studies highlight the importance of financial issues. They suggest that financial concerns play a major role in the decision-making process of whether or not to enter tertiary education (Connor Burton, Pearson, Pollard, & Regan, 1999; Seaward & Kemp, 2000; Knowles, 2000; Connor, Dawson, Tyers, Eccles, Regan & Aston, 2001; Callender & Jackson, 2005), and that the 'overriding negative perception of going to university, for all the potential entrants, was its cost' (Connor et al, 2001). Costs are often understood very broadly to include not only the direct costs of attending university, but also the opportunity costs in terms of lost earnings while at university (Connor et al, 2001).

In both the UK and the USA, the burden of student debt has been shown to deter individuals from participating in tertiary study (Callender & Jackson, 2005) and the pursuit of postgraduate education (Brown & Matthews, 2003;

Donhardt, 2004; Millett, 2003; Weiler, 1994). However, a recent study by Kemp et al (2006) suggested that such effects do not appear to extend to a New Zealand cohort.

Socio-economic class

Additionally, there appears a consensus in the literature that prospective students from lower socio-economic backgrounds are more likely than those from better-off families to report they are deterred by the costs of tertiary education (Woodrow, 1998; Connor et al, 1999, 2001; Forsyth & Furlong, 2000; Callender & Jackson, 2005), as are mature students in contrast to younger students (Connor et al, 1999, 2001; Ross, Archer, Thomson, Hutchings, Gilchrist, Joh, & Akantzilion, 2002). Several of these studies cite fear of debt and the prospects of building up large debts, particularly student loan debt, as a deterrent to university entrance among qualified students, especially from low socio-economic groups (Forsyth & Furlong, 2000, 2003b; Connor et al, 2001; Callender & Jackson, 2005).

Callender and Jackson (2005) conducted a UK study to examine the relationship between prospective tertiary students' attitudes to debt, and their decisions about whether or not to enter tertiary education. They found that students from lower social classes were more debt averse than those from other social classes, and were far more likely to be deterred from going to university because of their fear of debt, even after controlling for a wide range of other factors. Their overall conclusions were that attitude to debt was a class issue (Callender & Jackson, 2005).

Conversely, Kemp et al's (2006) analysis of data from New Zealand's Christchurch Health and Development study cohort found that the vast majority of the sample had taken at least one tertiary course by age 25 and approximately half had at some time taken out a student loan as part of the tertiary education process. Thus, neither participating in tertiary education nor taking out a loan to do it could reasonably be considered as elite activities for this sample or, by extension, for young New Zealanders generally. Hence, comparison with results from the United Kingdom suggesting that those from the lower social classes might be deterred from tertiary education because they fear to incur debt may not extend to the New Zealand experience.

Term-time working, debt and affects on academic performance

The economic stressors associated with being in debt affect students' expectations of their own academic performance (Andrews & Wilding, 2004; Stradling, 2001). A study with final year UK undergraduates found over half of the students felt their academic performance would be impaired by financial difficulties (Stradling, 2001). This study indicated a need for further investigation of the impact of student debt on academic performance.

Andrews and Wilding (2004) found growing concern over the impact of increasing financial difficulties on students' mental health and academic performance in the UK. The findings from this two-year longitudinal study showed students' experiences of financial and other difficulties could increase their level of anxiety and depression (Andrews & Wilding, 2004). Consequently,

the increased level of depression and anxiety had an adverse impact on students' actual academic performance (Andrews & Wilding, 2004). A recent study of UK students found a third of the students perceived their financial experiences to have a marked negative impact on their academic performances (Scott, 2004).

Possibly to reduce these stressors and in order to meet the costs of their education and keep the size of their loans down, most New Zealand students reported they are likely to work at some time during the calendar year (New Zealand University Students' Association, 2005) – 87 per cent of students worked during 2005 compared to 71 per cent in 1998. However, 68 per cent work at a regular or casual job during term-time in 2005. This 68 per cent who worked during term-time in New Zealand is high compared with overseas estimates of 57 per cent (Lindsay & Paton-Saltzberg, 1996) and 50 per cent (van Dyke & Little, 2002) in the UK, and 55 per cent in the USA (King, 1998).

Taken together, rising tuition fees, increasing student debt, and more students having to work while studying to fund their education are thought to adversely affect their personal and professional lives and their experience as tertiary students (Lindsay & Paton-Saltzberg, 1996; McInnis, 2003; van Dyke & Little, 2002). For example, previous research has shown that term-time employment can leave less time for leisure activities (Ford, Bosworth, & Wilson, 1998; van Dyke & Little, 2002) seeing families (van Dyke & Little, 2002), and sleeping (McInnis, 2001).

RATIONALE FOR CURRENT STUDY

The present research focuses on the role of debt in a cohort of final-year New Zealand secondary school students, their tertiary entry decisions and their attitudes towards tertiary education and student debt. It then follows some of these students into their first year out of school into tertiary education or otherwise. Lea et al (2001) explored prospective students' attitudes towards debt within the United Kingdom, and other studies in the UK have looked at class as a factor on tertiary entry (Callender & Jackson, 2005) but all on a cross-sectional basis. While New Zealand researchers have looked into attitudes towards debt in current and previous university students, no local research has looked into prospective students' attitudes to debt or the role of debt in entry decisions to enter tertiary education in New Zealand. Similarly, the role of social class has not been addressed much in New Zealand studies. In addition, there is no research on the attitudes to debt of non-students.

There are marked differences between New Zealand and the United Kingdom so there is great value in conducting research in New Zealand. For example, New Zealand now has an interest-free student loan policy which is quite different to the UK. In addition, due to the UK's centralised admission system for UK tertiary study, there is most often, if not always, the need to travel and relocate when entering tertiary education in the UK. This is different from New Zealand where there is less need to travel and admissions are conducted at institution level. Such differences may impact decisions and attitudes between the two countries.

Furthermore, with students and their families responsible for an increasing proportion of the cost of higher education, New Zealand students have turned to paid work as a source of money to fund higher education. At the time of designing the present study, there was a lack of New Zealand research examining the actual effects of term-time working on students' academic performance. Because of the worrying trends already outlined, it seemed prudent to investigate this. How does term-time working affect academic studies? What are students' perceptions of the impact of term-time work on their academic performance? At the time of completing this thesis, Callender (2008) published a UK study which found (even when controlling for academic ability), that term-time working had a detrimental effect on both students' final year marks and their degree results. The more hours worked, the greater the negative effect.

Thus, gaps in the existing literature prompted the present research. Furthermore, all research conducted to date has been cross-sectional, but clearly a number of the causal issues would be much better resolved with a longitudinal study. For example, how do students' perceptions change over time?

Hypotheses

Little research has looked at the differences in motivations between those that choose to enter tertiary education and those that do not. Why students choose to enter or decide not to enter would be interesting to understand. Whilst such research was essentially exploratory, it was hypothesised that there will be

a marked difference in the attitudes towards tertiary education of school students between expected tertiary entrants and non-entrants.

It is expected that (consistent with Lea, Webley & Bellamy, 2001) students at secondary school would score lower on Davies and Lea's (1995) Attitude to Debt scale than those in the Davies and Lea (1995) and Boddington and Kemp (1999) studies of current tertiary students. It was hypothesised that school students would be more adverse to debt than they later become once they had entered tertiary education (i.e. that tolerance to debt follows the acquisition).

There is a consensus in the overseas literature that prospective students from lower socio-economic backgrounds are more likely than those from better-off families to report they are deterred by the costs of tertiary education (Woodrow, 1998, 1999; Connor et al, 2001; Knowles, 2000; Forsyth and Furlong, 2000; Callender & Jackson, 2005). In addition, several of these studies cite fear of debt and the prospects of building up large debts, particularly student loan debt, as a deterrent to university entrance among qualified students, especially from low socio-economic groups (Forsyth & Furlong, 2000; Connor et al, 2001; Callender, 2003; Callender & Jackson, 2005).

It was believed that the New Zealand Student Loan Scheme removed the financial barriers to tertiary education (Ministry of Education, Inland Revenue Department, Ministry of Social Development, 2002). This is supported by the findings of Kemp et al (2006). Does the student loan policy remove these

barriers? It was hypothesised that the socio-economic barriers prevalent in other countries do not deter tertiary entry in New Zealand.

Seaward and Kemp (2000) found an apparent bias towards confidence regarding students' future careers. They found that students underestimated the time they thought they would need to pay back student debt and overestimated their future incomes relative to the average student. Following this, it is hypothesised that students would be overly optimistic regarding average tertiary students' debt and income levels compared with actual figures.

Decisions whether to borrow, be it in the form of student loan or commercial credit are unlikely to be exclusively driven by financial need or perceptions of financial advantage. However, the extent to which students go into debt purely to finance a particular lifestyle and consumption goods is unclear. Why do students take out a student loan in New Zealand? Why do they not? What are the motivations or not borrowing among prospective and current tertiary students in New Zealand? It is believed that the distinction between borrowing to finance current consumption and borrowing to invest in the future appears to have become blurred. Thus, the 'no questions asked' ready access to funds from government and banks (to attract students as customers) may be influencing students' choices to take out loans unnecessarily. It was hypothesised that there is a large proportion of students who borrow to maintain a certain lifestyle rather than out of actual need. It was also expected that some students are taking advantage of the interest-free nature of student loans and investing the loan to gain interest.

Given that such a large proportion of New Zealand tertiary students work in-term, it is surprising that no New Zealand research to date has looked into what effects, if any, this has on students' academic performance. Overseas research has found detrimental effects on students' grades, time spent studying, and other important activities (Lindsay & Paton-Saltzberg, 1996; Ford et al, 1998; McInnis, 2001; van Dyke & Little, 2002; Callender, 2008). It was hypothesised that students who work in term-time are doing so to limit their student debt. It was expected that term-time working affects students' tertiary grades and attendance, and that term-time employment can leave less time for leisure activities, seeing families, and sleeping.

This thesis is the empirical study of a cohort of New Zealand Secondary School Leavers (Stage One) and surveying them a year later (Stage Two) to address longitudinal changes and group differences.

CHAPTER TWO

QUESTIONNAIRE ONE: SURVEY OF SECONDARY SCHOOL STUDENT LEAVERS

Methodology

Participants

Participants were a sample of New Zealand secondary school pupils in their final year of study (working towards a tertiary entry qualification in 2006) [see Table 1 and Table 2]. It is acknowledged that part of the population will have already left school by this time and, thus, could not be recruited.

Socio-economic class

Participants' family socio-economic class was assessed using the Elley-Irving (2003) Revised Scale of Socio-Economic Status for New Zealand: The Elley-Irving Socio-Economic Index: 2001 Revision. Earlier versions of the index have been widely used by researchers, chiefly to check on the representativeness of samples selected for educational and social research. This scale classifies families into six classes on the basis of parental occupation. These classes were formed by a statistical procedure in which occupations in the New Zealand Census were classified into a series of groups on the basis of median income and educational levels associated with each occupation. The application of this method of classification proved to be difficult for a number of respondents who chose not to state their parents' occupation. These difficulties were addressed by devising a seventh scale category. The sample was scored according to the list supplied in the index as follows: 1 = professional 2 =

managerial 3 = clerical 4 = technical/skilled 5 = semi-skilled 6 = unskilled.
Missing entries were coded as 7.

Decile Index

Another NZ development has been the construction of a socio-economic scale for classifying schools. This is the “Decile” system used by the Ministry of Education for the purposes of allocating targeted funding based on the socio-economic characteristics of a school. Schools are categorised on the basis of data derived from the New Zealand Census mesh blocks in which the students attending the schools live. The Decile Index takes into account household income, employment categories and ethnic mix, and uses 10 subdivisions, each containing 10 per cent of schools, hence Deciles 1 to 10 (Mallard, 2001) – Decile-10 being those schools in areas of highest household income, employment categories, etc and Decile-1 in the lowest. In the early stages, this scale also made use of the original Elley-Irving Index (1972). The Decile Index is extensively used for selecting school samples, and for analysing results of regional and national surveys of achievement. Thus, the National Educational Monitoring Project (NEMP) surveys of achievement consistently show marked differences in performance levels between schools of different Decile levels (Crooks & Flockton, 2002; Flockton & Crooks, 2002). Such differences have proven to be important in selecting schools for participation in regional and nationwide surveys of many educational variables.

Measures

The research instrument involved in this stage of the study was a specifically designed “New Zealand Secondary School Students’ Attitudes to Debt and Term-time working” questionnaire, a copy of which can be found in Appendix A. All participants were given identical questionnaires which consisted of (a) an information sheet informing respondents of the instructions, confidentiality that they could keep (Appendix C); (b) information on current studies; (c) questions on respondents’ attitudes towards tertiary education; (d) questions on respondents’ attitudes towards debt and student loans; (e) students’ current financial situation; (f) assessment of respondents’ knowledge of tertiary student finances; (g) questions about influences on respondents’ decision to enter / not to enter tertiary education; (h) questions pertaining to their tertiary choices; (i) questions about how entrants plan on paying for their tertiary education; and (g) demographic information.

Listed below are the actual questions, under the appropriate research measure heading.

Information on current studies (Question/s 1.1)

Respondents indicated the qualifications that they were currently studying toward. As the students could be studying for more than one of the following qualifications, responses were coded as 1 = studying for the qualification or, 0 = not studying for the qualification. The qualifications offered in New Zealand secondary schools: NCEA Scholarship; NCEA Level 3; NCEA Level 2; Cambridge International Examinations (A & AS-Levels); International

Baccalaureate; University Entrance; Other (specify). For an overview of New Zealand's education system please see Appendix D.

Attitudes towards tertiary education (Question/s 2.1)

These questions came from two sources: van Dyke and Little's (2002) survey of UK school leavers; and pilot studies conducted by Adrian Scott for his PhD thesis at the University of Bath, UK (2004). The questions explore secondary school students' views on tertiary education by seeking their responses to a range of both positive and negative statements about university. Respondents were asked to consider the 12 following items:

- a. Tertiary education is a worthwhile experience;
- b. You need a tertiary qualification to get a decent job;
- c. In the long term, you benefit financially from attending a tertiary institution;
- d. One of the worst aspects of a tertiary student's life is having little money;
- e. One of the best aspects of tertiary education is developing yourself as a person;
- f. One of the worst aspects of attending tertiary education is being in debt;
- g. Student debt puts some people off tertiary education;
- h. I would rather earn good money now than enter higher education;
- i. Some of the best aspects of tertiary education are meeting new people and the social life;

- j. I have a good idea of what tertiary institutions are like;
- k. The student lifestyle is not for me;
- l. Tertiary education is not for me.

Each item was scored on a five-point Likert-type rating scale, anchored at 1 = 'Strongly agree' and 5 = 'Strongly disagree'.

Attitudes towards debt and student loans (Question/s 3.1)

Respondents were asked to consider the following 14 items that make up Davies and Lea's (1995) Attitudes to Debt scale:

- a. There is no excuse for borrowing money;
- b. Tertiary students have to go into debt;
- c. You should always save up first before buying something;
- d. Debt is a normal part of today's lifestyle;
- e. It is okay to be in debt if you can pay it off;
- f. Once you are in debt it is very difficult to get out of it;
- g. It is better to have something now and pay for it later;
- h. Owing money is basically wrong;
- i. Banks should not give interest free overdrafts to students;
- j. It is okay to borrow money in order to buy food;
- k. Students should be discouraged from using credit cards;
- l. Banks should not be surprised when students incur large debts;
- m. You should stay at home rather than borrow money to go out for an evening in the pub;

- n. Taking out a loan is a good thing, because it allows you to enjoy life as a student.

In addition, the following items were included to gauge student responses towards the new 'interest-free NZ student loan scheme' introduced in April 2006. While many of the statements were written specifically for this study, some of these statements originate from Lea, et al (2001), Lewis and Scott (2000), Scott and Lewis (2001) and van Dyke and Little (2002) because they were believed to be interesting and relevant attitudes for tertiary entrants in New Zealand.

- o. I would rather be in debt than change my lifestyle;
- p. You shouldn't pay your tertiary fees: it is better to get a loan because it is interest free;
- q. Tertiary students should live at home with their parents to save money;
- r. Borrowing money for a tertiary education is a good investment;
- s. I am seriously worried about the debts I could build up while in tertiary education;
- t. Student debt puts off people entering tertiary education;
- u. Students do not worry about the debts they build while in tertiary education, because they will get well-paid jobs when they graduate;
- v. Student loans are a cheap/tax efficient way to borrow money;
- w. You should take out a loan whether you need to or not.

Each item was scored on a five-point Likert-type rating scale from 1 = 'Strongly agree' to 5 = 'Strongly disagree'.

Students' current financial situation (Questions 3.2-3.4)

Respondents were asked how much money they had in savings by ticking a box in the appropriate range. Responses were entered by coding 1 = No savings at all; 2 = Below \$500; 3 = \$501 - \$1000; 4 = \$1001 - \$3000; 5 = \$3001 - \$5000; and 6 = More than \$5001. They were also asked how much money in total they owed. Responses were entered by coding 1 = None; 2 = Below \$500; 3 = \$501 - \$1000; 4 = \$1001 - \$3000; 5 = \$3001 - \$5000; or 6 = More than \$5001. If they owed money, they were also asked which of the following was applicable: Bank overdraft; Other loan from bank (excluding mortgages); Credit cards/ store cards; Hire purchase agreements; Unpaid bills; or Other money owed. Responses were coded as 1 = yes (money is owed), or 0 = no money owed.

Knowledge of tertiary student finances (Questions 4.1- 4.5)

These questions explored students' knowledge of tertiary students' finances, how well informed they feel about financial support arrangements, and the costs of going to university. Questions were borrowed and modified from Seaward and Kemp (2000) and van Dyke and Little (2002). Respondents were asked to estimate: (a) the total amount of money that the average tertiary student spends in one year, if living away from home; (b) how much money they believe the average tertiary student receives in one year, if living away from home; and

(c) how much money they believe the average tertiary student owes at the end of their course, as a result of tertiary education.

Respondents were asked how well informed they felt about the following aspects of tertiary education:

- a. Tuition fees for tertiary students;
- b. Student loans for tertiary students;
- c. Other financial help for tertiary students e.g. Hardship or access funds, bursaries;
- d. The costs of tertiary education.

Respondents were asked how easy it was for them to get information about the following:

- a. Financial support available for tertiary students;
- b. The costs of tertiary education.

Each item was scored on a five-point Likert-type rating scale, anchored at 1 = 'Very easy' and 5 = 'Very difficult. 6 = Not looked

Financial Support (Question/s 5.1)

Respondents were asked how much financial support they believed they would receive from their parents (if any), should they enrol in a tertiary course.

Their options were: A great deal; A fair amount; A small amount; None at all; I don't know.

Applying for tertiary education (Question 6.1- 6.6)

If the respondent was not going on to tertiary education, they were asked to consider the following regarding their decision not to go:

- a. I don't enjoy studying or don't want to continue studying;
- b. I don't feel prepared/qualified to study at tertiary level;
- c. I don't believe a tertiary qualification will help me to get a better job;
- d. The costs of studying are higher than the benefits;
- e. I want/need to have a job;
- f. I want/need to earn money;
- g. I can't afford tertiary education;
- h. I do not have time to go on to tertiary study because of my other commitments;
- i. My family or friends discouraged me;
- j. I do not want to build up debt;
- k. I am not attracted to the lifestyle;
- l. My teachers or tutors discouraged me;
- m. The loan is interest free but I will still have to pay it off.

If the respondent was going on to tertiary education, they were asked to consider the following regarding their decision to go:

- a. Wanted to continue studying;
- b. To help get a job/better job;
- c. A diploma /degree is required for the job I want to do;
- d. To put off getting a job;
- e. I want a break from full-time employment;
- f. It is the normal thing to do after finishing school;
- g. I was attracted to the lifestyle;
- h. My teachers/tutors encouraged me to enter higher education;
- i. My family encouraged me to go and do further study;
- j. I want a change in the direction of my life;
- k. To do something that I have always wanted to do, but have never had the chance to do;
- l. To improve my self-esteem;
- m. The opportunity to move away from home;
- n. To become more independent.

Each item in either list was to be scored on a rating scale, anchored at 1 = 'Very important,' 4 = 'Not at all important' and 5 = 'Not applicable'

Respondents were asked whether they would consider tertiary education after a year's break from school. If so, they were asked to consider how the following influenced their decision:

- a. I want to do some travelling;
- b. I may have to re-sit my exams;
- c. I want to gain some work experience this coming year;
- d. I won't be able to afford tertiary education unless I work for a year;
- e. I want to save/earn money to avoid taking out a student loan;
- f. I want to save/earn some money for other reasons.

Each item was scored on a five-point Likert-type rating scale, anchored at 1 = 'Very important,' 4 = 'Not at all important' and 5 = 'Not applicable'

Tertiary choices (Questions 7.1 – 8.5)

These questions focused exclusively on respondents who had decided to enter tertiary education. First, they examined what respondents intended to do once they reached a tertiary institution. Next, they examined how the costs of going affected their choices and decisions. Finally, it explored how these students intended to pay for and finance their tertiary education. Respondents were asked what qualification they hoped to study towards. Responses were coded as follows: 1 = First degree (e.g. BA, BSc); 2 = Diploma; 3 = Certificate; 4 = Other; 5 = Don't know. 1 = Medicine and dentistry; 2 = Biological sciences (biology, zoology); 3 = Physical sciences (chemistry, physics); 4 = Engineering and technology; 5 = Social studies (economics, sociology, social policy, and psychology); 6 = Mass communication and documentation (media studies); 7 = Humanities (English, history, geography, philosophy); 8 = Education and leisure; 9 = Subjects allied to medicine (anatomy, nursing); 10 = Agriculture and

related subjects; 11 = Mathematical sciences and informatics (maths, statistics, computer science, IT); 12 = Architecture; 13 = Business and administrative studies; 14 = Languages and related disciplines; 15 = Creative arts (art, drama, music, design); 16 = Law; 17= Other

Respondents were asked to what extent the cost of tertiary education is affecting any of their decisions. They were asked to consider if the cost was making them consider:

- a. Applying to institutions nearer my home;
- b. Applying to institutions in areas where I believe the cost of living is lower;
- c. Applying to a “new age” type institution as opposed to a more traditional one;
- d. Living at home with my parents while studying;
- e. Doing a vocational (job-related) course rather than an academic course;
- f. Taking a shorter course;
- g. Applying for sponsorship or a bursary;
- h. Doing a part-time course;
- i. Deferring / taking a GAP year;
- j. Doing a course with a paid work placement;
- k. Taking a subject with better employment prospects;
- l. Applying to institutions in areas where there are opportunities for term-time employment;
- m. Getting advice on how to budget

If the respondent ticked the box next to the statement then it was coded as '1', all blank boxes were coded as '0'.

Respondents were asked to consider when they go on to tertiary education, how likely is it that they would do the following:

- a. Have a paid job during the tertiary holidays;
- b. Have a paid job during term-time;
- c. Get a loan from family;
- d. Get an overdraft/ bank loan;
- e. Get a credit card;
- f. Live with your parents / family / other relatives;
- g. Live in university / tertiary provided accommodation
(Halls/flats);
- h. Live in other rented accommodation.

Each item was scored on a rating scale, anchored at 1 = 'Very likely,' 4 = 'Not likely at all' and 5 = 'Don't know'.

Paying for tertiary education (Questions 8.1 – 8.5)

Respondents were asked to tick the box for any of the following preparations, if any, they were making before going on to tertiary education: Full-time holiday job; Working full-time; Part-time holiday job; Part-time job during school; Saving money given as presents; None of the above. If the

respondent ticked the box next to the statement then it was coded as '1', all blank boxes were coded as '0'.

Respondents were asked if they were intending on taking out a student loan. Responses were coded as 1 = Yes; 2 = No; and 3 = Don't know.

Respondents were asked to consider how important the following were in their decision to take out a student loan:

- a. I will need the money for basic necessities;
- b. To reduce the number of paid hours of work I may need to do;
- c. I do not want to get a term-time job;
- d. My parents do not want me to take a paid job/work too many hours;
- e. It is interest free so I should use this service whether I need it or not;
- f. My parents cannot afford to support me;
- g. I want to have money independently of my parents;
- h. I would like the money to afford a reasonable lifestyle;
- i. It is a cheap way to borrow money / tax efficient.

If they were not taking out a student loan, they were asked to consider how important the following were in their decision not to take out a student loan:

- a. I prefer to get a paid job rather than take out a student loan;
- b. My parents will not want me to take out a student loan;
- c. I am concerned about the repayments;
- d. I do not like borrowing and I am concerned about having debts
– even if it is interest free;
- e. I prefer to borrow from elsewhere;
- f. I can rely on my savings;
- g. My parents will give me all the money that I need;
- h. Not eligible to apply

Each item was scored on a rating scale, anchored at 1 = ‘Very important,’ 4 = ‘Not important at all’.

Demographic information about respondents

Respondents indicated their gender; age; ethnicity; religion; whether they had a disability that impaired their ability to carry out normal day-to-day activities; whether members of their immediate family had studied at university; their parental situation and living arrangements; and who the main income earner was in their family and their occupation.

Responses were entered by coding gender as 1 = male, 2 = female; age was entered as raw figures; ethnicity was coded as 1 = Pakeha / NZ European, 2 = NZ Maori, 3 = Cook Island Maori, 4 = Pacific People, 5 = European, 6 = Indian, 7 = Asian, 8 = Mixed ethnic group, 9 = Other ethnic group; religion was coded as 1 = None, 2 = Buddhist, 3 = Jewish, 4 = Sikh, 5 = Christian, 6 =

Hindu, 7 = Muslim, 8 = Other religion; presence of a disability / health problem was coded as 1 = yes, 2 = no; family at university – for each of Father, Mother and Brother/sister – was coded as 1 = yes, 2 = no, 3 = Not applicable; most of your childhood, were you brought up by: Two or more parents (including step parents) = 1, One parent alone = 2, Other = 3; Are you currently living with: Two parents (including guardians and step parents) = 1, One parent/guardian = 2, Not living with parents/guardians = 3; Who is the main income earner in your family: Father / male guardian = 1, Mother / female guardian = 2, Brother or sister = 3, Yourself = 4, Other (specify) = 5; Main income earners current occupation was entered as raw text.

Procedure

Ethics approval was obtained from the Human Ethics Committee of the University of Canterbury before any datum was gathered.

It was important to promote student participation from all areas of the country, rural and urban, and from all types of demographic background – and thus an assortment of deciles was sought. In addition, given this was the beginning of a longitudinal study and in the hope of retaining a good sample size through all stages, a sample of 2000 participants was sought. A random selection of thirty schools from a range of deciles and from different regions of the country was asked to assist by volunteering class time to the survey. The schools that were willing to partake in the study took copies of the questionnaire (Appendix A) in October 2006, and in each school, a staff member supervised their voluntary completion during class time.

Data were collected using in-class self-completion questionnaires, handed out to pupils by teachers. The questionnaire took between 15 and 20 minutes to complete. The completed surveys were returned to the Psychology Department by mail. All completed questionnaires were entered into *SPSS 15.0 for Windows* and were subjected to an analysis of outliers, and checked for errors or omissions. Questionnaires with extreme outliers or serious omissions were discarded. For example, if a student started the questionnaire but did not complete any more than the first page, it was discarded. Two response rates seem important: one by institution, and one by student. On the first, 19 (of 30 approached) institutions agreed to take part with 17 (89.5 per cent) actually returning completed questionnaires. In total, 1287 out of the 2000 questionnaires were returned completed, yielding a 64 per cent response rate. Of these, 1232 were used in the final analysis (much key data were missing from 55 questionnaires). However, if participants omitted to answer only one or two questions in the whole questionnaire, their responses were retained for analysis. Thus, because of missing responses from some participants, the *Ns* in some analyses are less than 1232.

Sample

A summary of respondents' characteristics can be found in Table 1. The majority of respondents fell into the following categories: female (53.9 per cent), 18 years of age or under (100 per cent). Just over half (57.3 per cent) came from families in the top three socio-economic classes, compared with 42.7 per cent in the lower three classes. Forty-eight per cent of the population were

attending schools ranked Decile-10. Table 2 gives a summary of their current studies and school-type. Just over eighty per cent of respondents were attending state schools (The proportion of the New Zealand school population attending state schools at 1 July 2005 was 96.2% (Ministry of Education). Of the qualifications being pursued, 91 per cent were taking NCEA Level-3 or scholarship examinations [Level-3 is generally taught in the final year of school, and scholarship examinations are available as an extra course should the student wish]. In addition, nearly 75 per cent had decided to enter tertiary education and had already applied or intended to apply for a place. A further 9.8 per cent were still undecided. This left 8.4 per cent of the sample who had decided not to enter tertiary education. Thus, the sample appears to be somewhat biased towards higher decile schools and tertiary entrants.

Table 1: Sample Characteristics A (Stage One)

Characteristic	N	%
GENDER		
Male	475	39
Female	664	54
Missing	93	8
AGE		
< 18	1232	100
ETHNIC ORIGIN		
Pakeha/ NZ European	561	46
NZ Maori	42	3
Cook Island Maori	7	1
Pacific People	47	4
European	56	5
Indian	62	5
Asian	259	21
Mixed ethnic group	30	2
Other ethnic group	35	3
Missing	133	11
SOCIO-ECONOMIC CLASS		
1	300	24
2	221	18
3	185	15
4	164	13
5	60	5
6	66	5
Missing	236	19
SCHOOL DECILE		
1	0	0
2	0	0
3	134	11
4	107	9
5	259	21
6	0	0
7	77	6
8	25	2
9	36	3
10	590	48
Missing	4	0
TOTAL PARTICIPANTS	1232	100

Table 2: Sample Characteristics B (Stage One)

Characteristic	N	%
PRESENTLY STUDYING TOWARDS		
NCEA Scholarship	170	14
NCEA Level 3	943	77
NCEA Level 2	77	6
Cambridge International Examinations	156	13
International Baccalaureate	64	5
University Entrance	134	11
Other	30	2
TYPE OF EDUCATIONAL INSTITUTION		
State secondary school	987	80
Independent school	241	20
TOTAL PARTICIPANTS	1232	100

CHAPTER THREE

SCHOOLS LEAVERS' CURRENT FINANCIAL SITUATION AND THEIR KNOWLEDGE OF TERTIARY STUDENT FINANCES

This chapter aims to understand the current debt and savings situation of this sample of New Zealand secondary school leavers (Stage One) and their expectations for tertiary education debt. It is often assumed that prospective tertiary students are debt free and only begin to accumulate debts once they have entered tertiary education and take out a student loan. But is this true?

Most school leavers in the sample intended to enter tertiary education (Table 3). Nearly 75 per cent had decided to enter tertiary education and had already applied or intended to apply for a place. A further 9.8 per cent were still undecided. This left 8.4 per cent of the sample who had decided not to enter tertiary education.

Table 3: Sample Intentions (Stage One)

Tertiary Education entry decision	N	%
Applied/ Intend to apply	917	74
Undecided	101	10
Decided not to go	103	8
Missing	91	7

Current finances of school leavers

Debts

Concerning personal debts, the majority of secondary school respondents reported no debt at all, with most debt being ‘other money owed.’ This money was reported to be owed to parents or other family members (Table 4). Of those reporting debt, 94 per cent owed less than \$500 (Table 5). Thus, the assumption of minimal debt amongst school leavers was justified.

Table 4: Proportion of school leavers reporting debt by debt type

Type of Debt	Incidence %
Bank overdraft	3
Other loan from bank	1
Credit/store cards	2
Hire purchase agreements	2
Unpaid bills	2
Other money owed	8
No debts at all	85

Table 5: Proportion of school leavers reporting debt by debt amount

Money owed in debt	% of total
None	85
Below \$500	9
\$501 - \$1,000	3
\$1,001 - \$3,000	3
\$3,001 - \$5,000	1
More than \$5,001	1

Savings

Savings, unlike debt, were very prevalent among the school leavers and unequally distributed. In contrast to the relative debt-free nature of the sample, a majority of school leavers did have some sort of savings, while only 21 per cent reported no savings at all (Table 6).

Table 6: Proportion of total savings reported by school leavers

Money Saved	% of total
No savings at all	21
Below \$500	20
\$501 - \$1,000	17
\$1,001 - \$3,000	21
\$3,001 - \$5,000	9
More than \$5001	11

These findings are unsurprising. The majority of the school leavers probably lived at home expense-free; and money earned was either saved or used as spending money. Thus, the average secondary school leaver appears to be largely debt free and saving a small amount of money from the resources available to them.

Estimates of tertiary students' financial support and the costs of tertiary education

Around half of the school leavers reported finding it easy to access information on the financial support available to tertiary students and to get information on the costs of tertiary education (Table 7).

Table 7: Access to information on tertiary students' financial support and the costs of entering tertiary education (Stage One sample)

Item Content	<i>Row percentages</i>			
	Very/fairly easy	Neither easy nor difficult	Fairly/very difficult	Not looked
Financial support available for tertiary students	53	29	12	7
The costs of going to a tertiary institution	52	29	13	6

Table 8: Access to information on tertiary students' financial support and the costs of entering tertiary education

Item Content	<i>Row percentages</i>			
	Proportion very/ fairly easy			All
	Applied / intend to apply	Undecided	Decided not to go	
Financial support available for tertiary students	49	31	33	53
The costs of going to a tertiary institution	43	30	31	52

These findings imply that most school leavers seem very confident of their knowledge of tertiary student finances. Table 8 shows that a large proportion of those who were not intending to enter tertiary education still reported that they had easy access to knowledge about financial support.

School leavers' beliefs

Generally, school leavers reported being well informed about tertiary student finances (Table 9). Those groups most likely to enter tertiary education were also most likely to claim they were well informed.

Table 9: How well informed respondents are about tertiary students' financial support and the costs of going to a tertiary institution

Item Content	<i>Row percentages</i>			
	Well/fairly well informed	Neither well nor poorly informed	Fairly poorly/very poorly informed	Don't know
Tuition fees for tertiary students	45	26	23	5
Student loans for tertiary students	45	26	24	5
Other financial help for tertiary students e.g. Hardship or access funds, bursaries	34	30	30	6
The costs of going to a tertiary institution	44	28	25	4

Tertiary students' finances

School leavers were asked to estimate the average income and expenditure of a tertiary student living away from home. In addition, they were

asked to estimate the average level of debt a student would have accumulated at the end of their course.

Estimates of average tertiary student expenditure

School leavers estimated the mean student expenditure per annum to be \$12,209 with a median of \$10,000. This is much less than what was reported in the TNS Income and Expenditure Survey (2004) who calculated the mean expenditure for all NZ tertiary students in their sample to be \$19,610. Table 10 shows the school leavers' estimates - the twenty-three percent who estimate tertiary students spending less than \$5,000 per annum appear optimistic. Yet, some students living at home may genuinely spend less because of this.

Table 10: School leavers' estimates of average tertiary student's expenditure per annum

Amount	% of total
Less than \$5,000	23
between \$5,000 and \$7,500	6
Between \$7,500 and \$10,000	27
Between \$10,000 and \$12,500	5
Between \$12,500 and \$17,000	13
Between \$17,000 and \$20,000	10
More than \$20,000	10
No Answer	6

Estimates of average tertiary student income

The school leavers' estimates of an average tertiary student's income had a mean of \$11,974.43 per annum ($SD = 8,001.39$). According to the TNS Survey (2007), an average tertiary students' income in 2007 (excluding student loans and mortgages) was considerably less with a mean of \$6,817 (median \$3,841). This is obviously including tertiary students at all levels of study.

Estimates of average tertiary student's debt

The school leavers estimated that the average student debt at the end of their course to be \$23,313 (median, \$20,000). The most recent data from the TNS Survey (2007) suggested that current tertiary domestic students were leaving a three-year course with mean student debt of \$28,946. This implies that secondary school students had a reasonable understanding of how much they will probably borrow to study.

Take-up of student loans

School leavers' intent of student loan take-up

Overall, 53 per cent of proposed entrants intended to take out a student loan whilst in tertiary education, 23 per cent thought they would not, and 24 per cent did not know.

Table 11: Reasons for taking out a student loan

Reason	Very/ fairly important %	Not very/ not at all important %	Not applicable %
I will need the money for basic necessities	72	24	3
I would like the money to afford a reasonable lifestyle	60	35	5
I want to have money independently of my parents	57	37	6
It is a cheap way to borrow money / tax efficient	54	37	8
To reduce the number of paid hours of work I may need to do	53	40	6
My parents cannot afford to support me	45	45	10
My parents do not want me to take a paid job/work too many hours	44	46	11
It is interest free so I should use this service whether I need it or not	41	51	8
I do not want to get a term-time job	35	56	10

Reasons for taking out a loan

The most frequently mentioned reasons for taking out a loan (Table 11), were: needing the money for basic necessities; wanting the money to afford a reasonable lifestyle; wanting to have money independently from their parents; believing it is a cheap way to borrow money; and, to reduce the amount of paid hours of work they may need to do.

Reasons for not taking out a student loan

For those students who did not intend to take out a loan, their reasons (Table 12) were: preferring to get a paid job instead of a loan; they did not like borrowing and were concerned about having debts; and, they were concerned about the loan repayments. There was no obvious pattern among the various student groups as to who were most deterred by these concerns.

Table 12: Reasons for not taking out a student loan

Reason	Very/ fairly important %	Not very/ not at all important %	Not applicable %
I prefer to get a paid job rather than take out a student loan	69	25	7
I do not like borrowing and I am concerned about having debts – even if it is interest free	69	25	5
I am concerned about the repayments	67	27	5
My parents will give me all the money that I need	48	36	15
My parents will not want me to take out a student loan	47	45	7
I can rely on my savings	38	48	13
I prefer to borrow from elsewhere	25	59	16
Not eligible to apply	18	81	0

Conclusions

Secondary school student leavers were relatively debt free. The most common type of debt was bank overdraft – which was rare. In contrast, there was a high incidence of reported savings amongst school leavers with 79 per cent reporting some sort of savings, although totals were not large.

Only half of the school leavers felt it was easy to access information on financial support for tertiary students. A similar proportion reported that they found it easy to establish what the costs were. This is lower than what governments, schools and tertiary institutions appear to aim for. This less than ideal information accessibility was matched with reports of low school leavers' understanding of the costs of tuition fees. Less than 50 per cent of school leavers believed they were well informed about the costs of tuition fees, student loans and the overall costs of attending tertiary education. This proportion did not change when isolating intended entrants from non-entrants. However much may depend on their individual circumstance.

The finding implies students are not aware or fully informed about the real costs of taking out a student loan and the relative options available to them. It appears that, from this sample at least, more than half the students who intended to enter tertiary education were doing so without full knowledge of tertiary student finances. Just under half of the school leavers who were planning to enter tertiary education planned to take out a student loan.

Furthermore, the school leavers underestimated the average students' expenditure and overestimated the average students' income but not eventual debt. This is consistent with the findings of Seaward and Kemp (2000) that students are optimistic regarding their finances.

CHAPTER FOUR

ATTITUDES TO TERTIARY EDUCATION

The following chapter attends to school leavers' views on higher education by examining their responses to a range of both positive and negative statements about tertiary education. The aim was first to outline school leavers' attitudes, then examine significant differences among the various groups of respondents and address what school leavers were intending to do once they completed secondary school. Those who had decided against entering tertiary education and those who were going to enter tertiary education are considered. For each group, it examines their composition and key characteristics, and the factors influencing their decision.

The average respondent

Table 13 shows that respondents were most likely to think that going on to tertiary education is a worthwhile experience and were least likely to believe that 'the student lifestyle is not for me' and that 'tertiary education is not for me'.

Additionally, issues about finance feature strongly in respondents' views on tertiary education. For instance: sixty-eight per cent believed 'student debt puts some people off tertiary education' and 'one of the worst aspects of attending tertiary education is being in debt;' sixty-four per cent believed that 'one of the worst aspects of a tertiary student's life is having little money.'

Table 13: Proportion of respondents' responses to Attitudes to Tertiary Education questions

Item Content	<i>Row percentages</i>		
	Strongly agree/ Agree	Neither agree/ Disagree	Disagree/ Strongly disagree
Tertiary education is a worthwhile experience	90	9	2
Some of the best aspects of tertiary education are meeting new people and the social life	86	12	2
One of the best aspects of tertiary education is developing yourself as a person	70	27	3
Student debt puts some people off tertiary education	68	23	8
One of the worst aspects of attending tertiary education is being in debt	68	24	9
One of the worst aspects of a tertiary student's life is having little money	64	26	10
In the long term, you benefit financially from attending a tertiary institution	63	30	7
You need a tertiary qualification to get a decent job	53	25	22
I have a good idea of what tertiary institutions are like	48	37	14
I would rather earn good money now than enter higher education	21	31	48
Tertiary study is not for me	7	21	72
The student lifestyle is not for me	7	30	63

Interestingly, the highest proportion of students were looking outside of financial or economic matters and were reporting ‘one of the best aspects of tertiary education is developing yourself as a person’; ‘some of the best aspects of tertiary education are meeting new people and the social life’, and; ‘tertiary education is a worthwhile experience’. Thus, respondents regard tertiary education as a valued and positive experience overall, despite the financial burden.

Table 14 shows the proportion of school leavers agreeing with the attitude statements by their decision to enter tertiary education. Clearly, those who had decided against entering tertiary education, unlike those intended entrants, were unconvinced of the benefits of it, especially in relation to getting a decent job, its longer-term financial benefits, and it being a worthwhile experience. Overall, they held less positive opinions about tertiary education compared than those intending to enter tertiary education.

Particularly important for those intending to be non-entrants was earning a wage and the desire to ‘earn good money now’ suggesting that the indirect costs of tertiary education, in terms of lost income, were also important. The pull of the labour market was three times greater for non-entrants than entrants (17 per cent compared with 51 per cent). In other words, non entrants felt the opportunity cost of tertiary study to be such that getting a job now was more beneficial.

Table 14: Proportion of respondents agreeing with statements by their decision to enter tertiary education

Item Content	<i>Row Percentages</i>			
	Proportion strongly agree/agree			
	Applied / intend to apply	Undecided	Decided not to go	All
Tertiary education is a worthwhile experience	95	82	56	90
You need a tertiary qualification to get a decent job	61	38	15	55
In the long term, you benefit financially from attending a tertiary institution	70	40	27	63
One of the worst aspects of a tertiary student's life is having little money	65	69	63	65
One of the best aspects of tertiary education is developing yourself as a person	74	64	48	71
One of the worst aspects of attending tertiary education is being in debt	67	79	73	69
Student debt puts some people off tertiary education	69	78	60	69
I would rather earn good money now than enter higher education	17	44	51	24
Some of the best aspects of tertiary education are meeting new people and the social life	88	82	77	87
I have a good idea of what tertiary institutions are like	49	48	51	49
The student lifestyle is not for me	5	12	19	7
Tertiary education is not for me	4	12	38	10

In addition, Table 14 shows how the perceived culture and values of tertiary education also played an important part in understanding respondents' negative attitudes towards tertiary education. Those who had decided against entering tertiary education were far more likely than those intending to go to think that tertiary education and the student lifestyle was not for them. However,

the rejection of tertiary education may be based on ignorance, as half of the respondents reported they did not have a good idea of what tertiary institutions were like. They were also less likely to believe that one of the main advantages of tertiary education was personal development. These findings support those from previous research, suggesting that the way individuals frame and make their educational choices is influenced by their values (Raey, Davies, David, & Ball, 2001).

Scree Plot for original 12 Items of Attitudes to Tertiary Education Scale

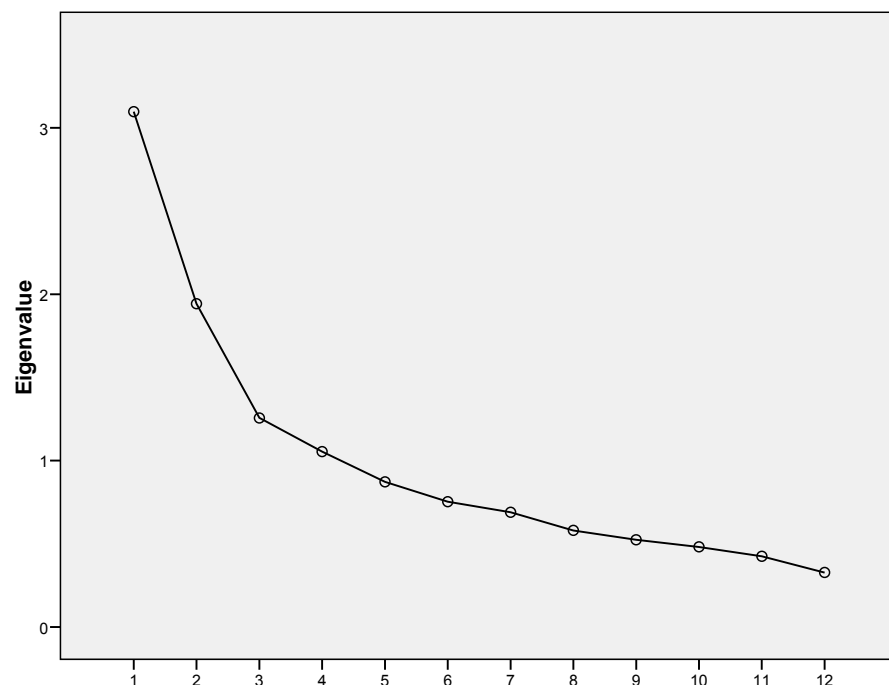


Figure 1: Scree plot of eigenvalues for the original 12 items for the Attitudes to Tertiary Education Scale

Types of attitudes to tertiary education

A factor analysis of the twelve statements in Table 14 was carried out using Principal Axis Factoring and a Direct Oblimin rotation. Scree plot analysis (Figure 1) implied that a two-factor solution offered the most substantially

interesting model of the data. Two factors were extracted, accounting for 34 percent of the total variance on the twelve items

Loading onto the Primary Factor were the following general items concerning attitudes to tertiary education:

1. Tertiary education is a worthwhile experience;
2. You need a tertiary qualification to get a decent job;
3. In the long term, you benefit financially from attending a tertiary institution;
5. One of the best aspects of tertiary education is developing yourself as a person;
8. I would rather earn good money now than enter higher education;
9. Some of the best aspects of tertiary education is meeting new people and the social life;
10. I have a good idea of what tertiary institutions are like;
11. The student lifestyle is not for me;
12. Tertiary education is not for me.

Items loading onto the second factor concerned attitudes towards student debt and views related to the negative impact of poor finances on the tertiary education experience:

4. One of the worst aspects of a tertiary student's life is having little money;
6. One of the worst aspects of tertiary education is being in debt;
7. Student debt puts some people off tertiary education.

The findings suggest that views about debt appeared to have been a different but related issue for many individuals when considering the positive and negative aspects of tertiary education and one that was unrelated to general feelings about the tertiary education experience. These items are considered later in this thesis with a debt measurement construct. Van Dyke and Little (2002), on the other hand, used all the items on two factors to form two scales: one of generalised attitudes towards higher education, and the other factor being named an attitude toward student debt –type scale.

Developing a scale

After reverse scoring negatively worded items, a reliability analysis of the 12 items was conducted and inter-item statistics indicated that the scale could be improved by reducing the scale to eight items. The resulting Cronbach's alpha was .76. The inter-item statistics (Table 15) showed the scale could not be improved any further and it was deemed an adequate measure of respondents' tertiary education attitudes. A further factor analysis was conducted on the eight remaining items. The factor loadings can be seen in

Table 16. A Scree plot (Figure 2) showed the items loading onto one primary factor, this factor accounting for 38% of the total variance.

Table 15: Inter-item statistics for Attitudes to Education Scale

Item	Item Content	Mean	Standard Deviation	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Item-Total Correlation	Cronbach's Alpha if Item Deleted
1	Tertiary education is a worthwhile experience	1.66	0.73	1.97	1.95	0.55	0.72
2	You need a tertiary qualification to get a decent job	2.51	1.13	1.87	1.82	0.40	0.75
3	In the long term, you benefit financially from attending a tertiary institution	2.24	0.90	1.90	1.87	0.50	0.72
5	One of the best aspects of tertiary education is developing yourself as a person	2.12	0.81	1.92	2.00	0.40	0.74
8	I would rather earn good money now than enter higher education	2.69	1.04	1.85	1.81	0.47	0.73
9	Some of the best aspects of tertiary education are meeting new people and the social life	1.89	0.72	1.95	1.82	0.56	0.76
11	The student lifestyle is not for me	2.28	0.86	1.9	1.95	0.44	0.73
12	Tertiary education is not for me	2.06	0.96	1.92	1.72	0.64	0.69

Table 16: Factor loadings for Attitude to Tertiary Education Scale

Item	Item Content	Factor 1
12	Tertiary education is not for me	-0.771
1	Tertiary education is a worthwhile experience	0.635
8	I would rather earn good money now than enter higher education	-0.562
3	In the long term, you benefit financially from attending a tertiary institution	0.554
11	The student lifestyle is not for me	-0.531
2	You need a tertiary qualification to get a decent job	0.458
5	One of the best aspects of tertiary education is developing yourself as a person	0.449
9	Some of the best aspects of tertiary education is meeting new people and the social life	0.304

Plot of Eigenvalues: Attitudes to Tertiary Education

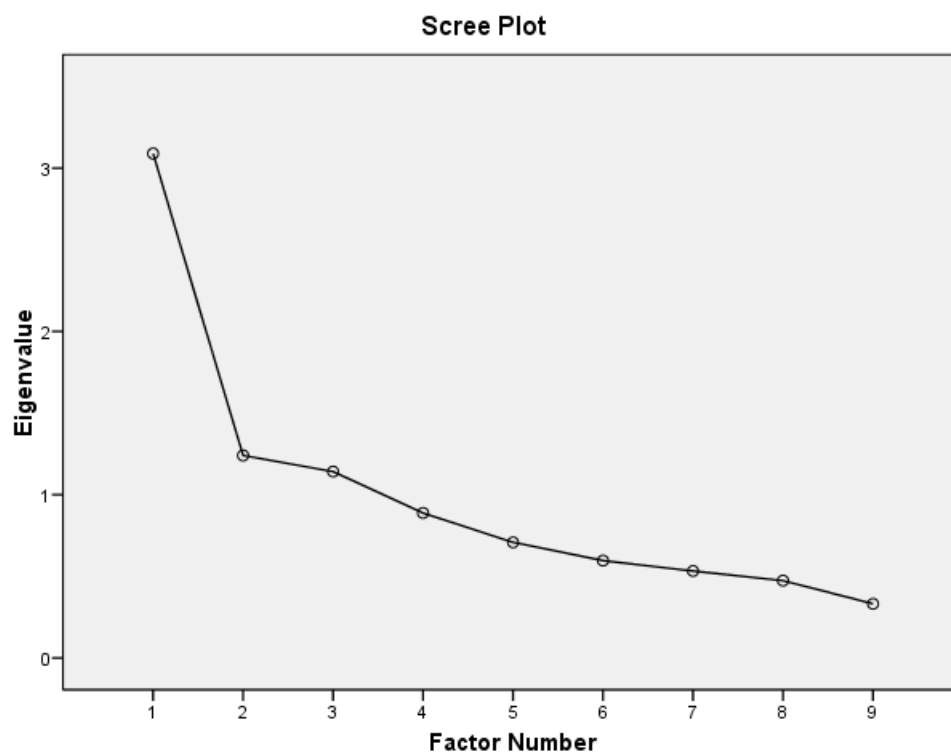


Figure 2: Scree plot of Attitudes to Tertiary Education Scale

The eight statements of the Attitudes to Tertiary Education scale capture a range of views (Table 16). The item scores of the Attitude to Tertiary Education scale were averaged to give a total attitude to tertiary education 'score.' Overall, individual scores can thus range from one to five, a higher score of four or five indicating a more negative stance towards tertiary education and a score of one or two indicating a positive position.

Figure 3 shows the overall distribution of scores of school leavers' attitudes on the scale. The average mean score among all those surveyed was 2.18 ($SD = 0.55$). In other words, consistent with their behaviour, they tended towards the more positive end of attitudes towards tertiary education.

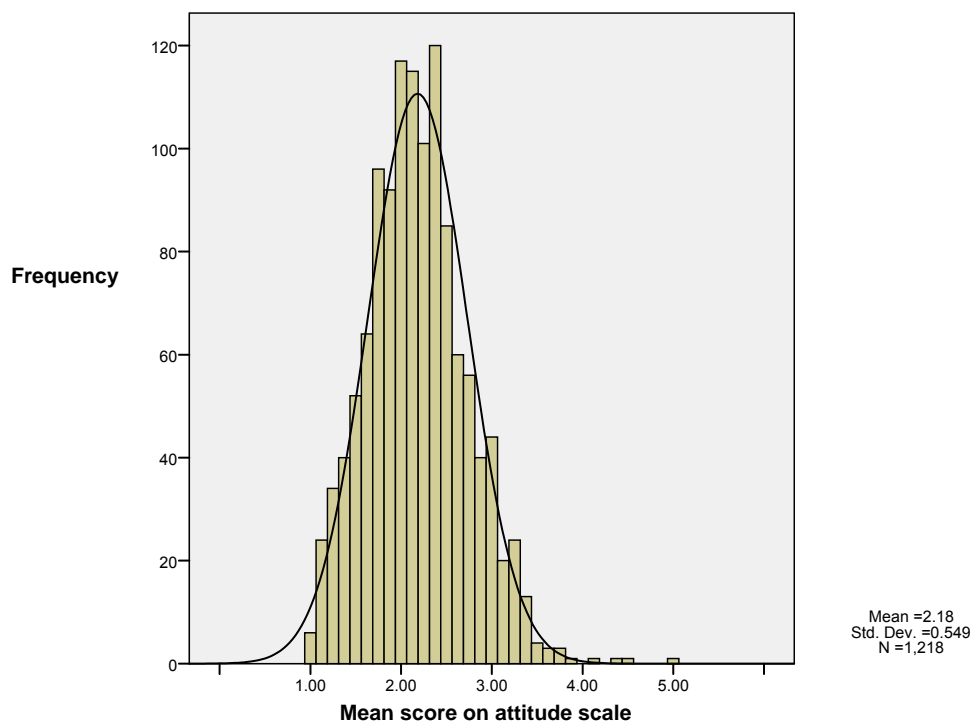


Figure 3: Distribution of respondents' scores on Attitudes towards Tertiary Education scale

Variations in types of attitudes to tertiary education

There was considerable variation in attitudes to tertiary education as a function of respondents' socio-economic status, religion, gender, whether they have had any other family members at university, and whether they had decided to take out a student loan. However, by far the most important variable in terms of size of difference was the decision about entry to tertiary education (see Table 17).

An ANOVA was conducted to see if there was a difference on the attitude to tertiary education scale according to whether respondents had decided to enter tertiary education or not. Not surprisingly, as can be seen in Table 17, those who had applied or intended to were significantly more positive towards tertiary education than those who were undecided and against those who had decided not to go ($F(2,1131) = 149.368, p < .01$). This is consistent with the findings of previous literature (van Dyke & Little, 2002).

Table 17 also shows that those from the higher socio-economic classes were significantly more positive towards tertiary education than lower socio-economic classes. Those from middle classes were also significantly more positive than those in the lower classes ($F(6,1213) = 5.890, p < .01$). This is consistent with the findings of previous literature (van Dyke & Little, 2002), however note should be taken that the differences are not large.

Those identifying themselves as Hindi were significantly more positive towards tertiary education than those who identified themselves as Christian, having no religion, and other religion ($F(7,1082) = 4.135$), $p < .01$).

Table 17: Mean scores on Attitudes to Tertiary Education Scale

Characteristic	N	Mean	SD
STUDENT LOAN			
Taking out a loan	681	2.81**	0.51
Not taking out a loan	418	3.00**	0.58
GENDER			
Female	664	2.93**	0.59
Male	475	3.10**	0.59
RELIGION			
Hindi	62	2.60**	0.5
Christian	56	2.96**	0.61
No religion	561	3.07**	0.6
Other religion	420	3.17**	0.75
HAD FAMILY MEMBERS AT UNIVERSITY			
Family	799	2.98*	0.61
No family	295	3.07*	0.62
SOCIO-ECONOMIC CLASS			
High (Levels 1-2)	521	2.94**	0.6
Medium (Levels 3-4)	349	3.00**	0.62
Low (Levels 5-6)	126	3.18**	0.62
DECISION TO ENTER TERTIARY EDUCATION			
Entrant	917	2.87**	0.55
Undecided	121	3.31**	0.52
Non-entrant	103	3.78**	0.58

* Difference significant at $p < .05$

** Difference significant at $p < .01$

Considering only the tertiary education attitudes of intended entrants and those undecided, a significant difference was found between those who were intending to take out a student loan and those who were not. Those intending to take out a student loan were more positive towards tertiary education than those who were not ($F(1,905) = 9.234, p < .01$). This makes sense, especially as some of those who were not taking out a student loan were obviously undecided about tertiary study.

Females were more positive towards tertiary education than men ($t(1131) = 4.703, p < .01$). This is consistent with figures from the NZVCC (2008) with more females enrolled in tertiary institutions in New Zealand than men are. Those who reported having had a family member at university were more positive towards tertiary education than those who had no family history of university ($t(1086) = 2.135, p < .05$).

Decision to enter tertiary education

Of the Stage One respondents surveyed, eighty percent of respondents had applied or were intending to apply for tertiary education; ten per cent were still undecided; and nine percent had decided not to enter tertiary education.

The reasons for deciding to enter tertiary education

As Table 18 illustrates, Stage One respondents intending to enter tertiary education identified a wide range of reasons as important in their decision to enter tertiary education. Their reasons for entry are a mixture of instrumental reasons associated with their desire to improve their labour market prospects, academic, or intellectual reasons and personal development reasons. The

majority of school leavers' who intended to enter tertiary education felt the sentiments 'To help get a job/better job;' 'A degree is required for the job I want to do;' and 'My family encouraged me to enter tertiary education' were very or highly important reasons for deciding to enter tertiary education. It is clear that their strongest motives for going to university or tertiary education were associated with their desire to improve their labour market prospects and a more general desire to continue studying.

Table 18: Reasons for deciding to enter tertiary education (Stage One intending entrants, N = 917)

Item Content	<i>Row percentages</i>	
	Very/fairly important	Not very/not important at all
To help get a job/better job	92	7
A degree is required for the job I want to do	84	14
My family encouraged me to enter tertiary education	79	19
To become more independent	67	29
My teachers/tutors encouraged me to go to enter tertiary education	62	31
To do something that I have always wanted to do, but have never had the chance to do	55	37
I want a change in the direction of my life	51	42
I was attracted to the lifestyle	49	47
It is the normal thing to do after finishing school	48	47
To improve my self-esteem	45	47
The opportunity to move away from home	34	55
To put off getting a job	16	69
I want a break from full-time employment	12	53

Decided not to enter tertiary education

The reasons for deciding not to enter tertiary education

In Table 19, the majority of intended non-entrants and those who were undecided felt the ‘want/need to have a job’ and the ‘want/need to earn money’ were very or highly important reasons for deciding to not enter tertiary education

It is quite clear that the pull of the labour market and earning a wage were important factors in the decision not to go. Self-confidence and self-esteem were also important reasons for rejecting tertiary education among a large number of non-entrants. Despite the fact that all respondents were studying towards a tertiary entry qualification, they did not feel prepared or qualified to study at tertiary level. Possibly they did not believe in their ability. Fear of failure and lack of self-esteem appear to be other factors and obstacles to tertiary entry. So did negative past experiences of education. A sizeable number of non-entrants did not want to enter tertiary education because they did not enjoy studying or want to continue studying; presumably such attitudes were informed by their previous educational experiences.

Table 19: Reasons for deciding not to enter tertiary education (Stage One undecided and non-entrants, N = 204)

Item Content	<i>Row percentages</i>	
	Very/ fairly important	Not very/ not important at all
I want/need to earn money	64	29
I want/need to have a job	62	31
I don't enjoy studying or don't want to continue studying	47	42
I don't feel prepared/qualified to study at tertiary level	46	45
I do not want to build up debt	41	46
The costs of studying are higher than the benefits	38	54
I can't afford have a tertiary education	35	52
The loan is interest free but I will still have to pay it off	34	55
I don't believe a tertiary qualification will help me to get a better job	32	56
I am not attracted to the lifestyle	29	61
I do not have time to for tertiary education because of my other commitments	23	60
My teachers or tutors discouraged me	17	62
My family or friends discouraged me	15	58

Variations in respondent groups

Mann-Whitney U tests using a three-level variable of entry decision (entrant, unsure, and non-entrant) were conducted to evaluate any effects of respondent demographics. The results of the test found that females were more likely to be intending to enter tertiary education compared with males, $z = -2.66$, $p < .01$. Those identifying themselves as Maori or Pacific Islander were less likely to be planning to enter tertiary education compared with other ethnic groups, $z = -2.66$, $p < .01$. Those who have had family members at university were more likely to be planning to enter tertiary education than those who did not, $z = -4.25$, $p < .01$. Consistent with this, those who were from the higher socio-economic classes were also more likely to enter tertiary education than those from the lower socio-economic classes $z = -4.37$, $p < .01$.

Positive attitudes to tertiary education were correlated with both a mother and father having attending university, attending an independent school, higher socio-economic class and perceived financial support from parents. Those with less debt at Stage One were also found to be more positive of tertiary education.

Table 20: Pearson correlations with Attitude to Tertiary Education Scale (Stage One)

	N	Attitude to Tertiary Education Scale (Stage One)
Male (vs. female)	1131	** -0.12
Elley-Irving Socio-Economic Index	1218	** 0.11
State School (vs. Independent School)	1218	-0.02
School Decile	1218	-0.07
Father went to university	1090	** 0.14
Mother went to university	1090	** 0.10
Financial support from parents	1161	** 0.13
Debt amount (Stage One)	1200	** 0.16
Savings amount (Stage One)	1195	0
Debt Avoidance Scale (Stage One)	1202	0.03
Debt Necessary Scale (Stage One)	1203	-0.01
Planning to take out Student Loan (Stage One)	910	0.13

** Correlation is significant at the 0.01 level
 * Correlation is significant at the 0.05 level

Multiple regression analysis (simple linear regression) was conducted to evaluate how well the Attitude to Tertiary Education scale at Stage One could be predicted. Debt Attitude scales that are developed in Chapter 5 are included here in anticipation. The variables entered into the regression were all six significant correlates seen in Table 20. Just less than seven per cent of all variance was accounted for by the model (Table 21). Although there were significant regressors the overall regression model was not significant.

Table 21: Multiple Regression Analysis Predicting Attitude to Tertiary Education Scale (Stage One)

	<i>b</i>	<i>SE b</i>	<i>β</i>
Constant	1.836	0.094	
Male (vs. female)	-0.138	0.033	-.124**
Elley-Irving Socio-economic Index	0.019	0.009	-.066*
Debt amount (Stage One)	0.076	0.018	.133*
Father went to university	0.110	0.039	.100*
Mother went to university	0.039	0.037	.035
Financial Support from parents	0.148	0.046	.096*

Note $R^2 = .066$

** Beta-weight is significant at the 0.01 level

* Beta-weight is significant at the 0.05 level

Conclusions

School leaver respondents seem to be generally ‘pro’ tertiary education as an experience and for the lifestyle, personal and social development. Yet, debt seems to be a consideration amongst the sample with the majority reporting that student debt puts people off going on to tertiary education. Respondents generally regard tertiary education as a valued and positive experience despite the financial burden.

Those school leavers who were female had family members at university and those from higher socio-economic classes were likely to be more positive toward tertiary education and intended entrants. Not surprisingly, those who had decided to enter tertiary education were more likely to have decided to take out a student loan. Non-entrants felt earning a wage and getting into the workforce

was more important than attending a tertiary institution and were less convinced that the lifestyle and experience had benefits. Multiple regression analysis found these variables to be predictive of tertiary education attitudes. However, although variation was found in groups such as gender and socio-economic class, none produced sufficient variance in the data to be a useful predictor.

School leavers had strong reasons for both entering and not entering tertiary education. Their views were varied and opposing, depending on their entry intentions. This is not surprising given the Attitude to Tertiary Education Scale findings that those who had applied or intended to apply to tertiary education were significantly more positive towards tertiary education than those who were undecided or who had decided not to go.

CHAPTER FIVE

STUDENT ATTITUDE TO DEBT AND ITS MEASUREMENT

This chapter examines school leavers' views on debt in general as well as attitudes to student debt. It does this by examining their responses to a range of statements designed to ascertain attitudes towards debt. School leavers' attitudes to debt will be outlined and significant differences among groups will be examined. Scales associated with these statements are developed.

Views held by the average secondary school student

Table 22 suggests that respondents' views on the statements taken from Davies and Lea (1995), Lea. et al (2001), Lewis and Scott (2000), and van Dyke and Little (2002), were inconsistent at times. Firstly, school leavers, overall, seem to have a general avoidance of debt, i.e. a general anti-debt attitude towards borrowing money. The majority of respondents agreed with the statements 'that you should always save up first before buying something;' and 'students should be discouraged from using credit cards.'

Yet, apparently inconsistently, the majority of respondents also took a very pragmatic approach to debt, in that most respondents agreed "it is okay be in debt if you know you can pay it off." Respondents' views on the specifically student debt statements are particularly consistent with this pragmatic approach. Respondents agreed that 'banks should give interest free overdrafts to students;' 'banks should not be surprised when students incur large debts;' 'borrowing money for a tertiary education is a good investment;' and that 'student loans are a cheap/tax efficient way to borrow money.'

Additionally, many school leavers feel strongly that ‘student debt puts people off attending tertiary education:’ that ‘tertiary students should not have to go into debt:’ and that ‘loans should not just be taken out whether you need it or not.’ Many report that they are ‘seriously worried about the debts I could build up while in tertiary education.’

This initial, unsophisticated, analysis suggests that secondary school student leavers have a complex set of attitudes and beliefs regarding borrowing money, loans and student debt that may be unlikely to be represented by a single scale.

Table 22: Percentage responding to attitudes towards debt, borrowing and student loan items

					<i>Row percentages</i>
Item	Item Content	Strongly agree/ Agree	Neither agree/ Disagree	Disagree/Strongly disagree	Difference
5	It is okay to be in debt if you can pay it off	68	21	10	58
3	You should always save up first before buying something	63	26	11	52
18	Borrowing money for a tertiary education is a good investment	62	31	7	55
20	Student debt puts off people entering tertiary education	61	27	12	49
19	I am seriously worried about the debts I could build up while in tertiary education	58	24	17	41
12	Banks should not be surprised when students incur large debts	58	33	9	48
11	Students should be discouraged from using credit cards	57	29	14	44
13	You should stay at home rather than borrow money to go out for an evening in the pub	52	26	22	29
4	Debt is a normal part of today's lifestyle	48	34	18	31
22	Student loans are a cheap/tax efficient way to borrow money	48	39	13	35
10	It is okay to borrow money in order to buy food	48	32	20	28

6	Once you are in debt it is very difficult to get out of it	42	36	22	20
17	Tertiary students should live at home with their parents to save money	36	41	23	13
14	Taking out a loan is a good thing, because it allows you to enjoy life as a student	34	42	24	10
21	Students do not worry about the debts they build while in tertiary education, because they will get well-paid jobs when they graduate	32	40	28	3
16	You shouldn't pay your tertiary fees: it is better to get a loan because it is interest free	26	40	34	-8
9	Banks should not give interest free overdrafts to students	19	27	54	-36
2	Tertiary students have to go into debt	17	33	49	-32
15	I would rather be in debt than change my lifestyle	16	37	48	-32
8	Owing money is basically wrong	15	36	48	-33
23	You should take out a loan whether you need to or not	13	23	64	-50
1	There is no excuse for borrowing money	11	35	53	-42
7	It is better to have something now and pay for it later	11	33	56	-45

Attitude to Debt Scale

Amongst other measures, participants responded to the 14 items of the Attitude To Debt Scale originally developed by Davies and Lea (1995) to measure university students' attitudes towards debt. The scale contains seven pro-debt items (e.g. 'students have to go into debt') and seven anti-debt items (e.g. 'there is no excuse for borrowing money'). Participants were asked to rate each item on a seven-point scale with labelled endpoints, with 1 indicating strongly disagree and 7 strongly agree.

This scale has previously been used on student samples in different countries; Davies and Lea (1995) obtained a Cronbach's alpha of .79 from a sample of university students in the United Kingdom. Lea et al (2001) found an alpha of .70. A New Zealand university student study conducted by Boddington and Kemp (Boddington & Kemp, 1999) found a Cronbach's alpha of .67. In unpublished New Zealand studies, Tang (2004) found an alpha of .65 (amongst Asian students in New Zealand), and Haultain (2006) found .67 in a small secondary school sample. Two studies of New Zealand university graduates found an alpha of .64 (Rawson, 2005), and .68 (Zhang, 2007). Thus, there appears to be a difference in the Cronbach's alpha between studies in the United Kingdom and studies in New Zealand – the latter being lower. It is also worth noting that no subsequent study has found the high alpha of Davies and Lea (1995).

There is no reported mention of the scale's factor structure in Davies and Lea (1995) and no mention of Factor Analysis or Principal Components Analysis conducted in the development of the scale. Similarly, in later research

by Lea et al (2001), the only reported analysis of the scale was the Cronbach's alpha.

Use of Cronbach's alpha

Cronbach's alpha is a measure of how well each individual item in a scale correlates with the sum of the remaining items. It measures consistency among individual items in a scale. Streiner and Norman (1989, p. 64) offer this advice on Cronbach's alpha:

“It is nearly impossible these days to see a scale development paper that has not used alpha, and the implication is usually made that the higher the coefficient, the better. However, there are problems in uncritically accepting high values of alpha (or KR-20), and especially in interpreting them as reflecting simply internal consistency. The first problem is that alpha is dependent not only on the magnitude of the correlations among items, but also on the number of items in the scale. A scale can be made to look more 'homogenous' simply by doubling the number of items, even though the average correlation remains the same. This leads directly to the second problem. If we have two scales which each measure a distinct construct, and combine them to form one long scale, alpha would probably be high, although the merged scale is obviously tapping two different attributes. Third, if alpha is too high, then it may suggest a high level of item redundancy; that is, a number of items asking the same question in slightly different ways.”

Cronbach's alpha measures how reliably a set of items (or variables) measures a single unidimensional latent construct. Thus, unless the items are also loading on one single factor, all items should not be combined to create one single scale (Streiner & Norman, 1989).

To date, researchers seem to have treated the scale as unidimensional despite some evidence otherwise. Scott and Lewis (2001) found that 11 of the 14 items loaded on to one of two factors: seven 'anti debt statements' loading on to

Factor 1 and 4 pro-debt statements loading onto Factor 2. The three omitted statements loaded on to both factors and lowered the overall alpha score so they were discarded. Even though the items seemed to comprise two factors, Scott and Lewis (1995) used the scale with the 11 remaining items as if it were unidimensional. Of course, one reason for previous researchers to continue with the scale was to allow a basis for comparison with previous research (Boddington & Kemp, 1999; Davies & Lea, 1995; Seaward & Kemp, 2000; Lea, et al, 2001; Scott & Lewis, 2001; Scott, 2004; Rawson, 2005; Haultain, 2006; Zhang, 2007).

Van Dyke and Little (2002) used a revised 10-item version of the scale (whether this was validated in any way, or how these 10 items were selected is not reported). The 10 items include some new items and some revision of the wording because they felt the language used in the original items was ‘somewhat outdated’ (Van Dyke & Little, 2002, p36). Van Dyke and Little (2002) found the 10 items to load onto three factors (see later, Table 26) which they characterise as Liberal (Factor 1), Moralistic / Debt Averse (Factor 2) and Fearful About Debt (Factor 3). Van Dyke and Little (2002, p.38) reported that “...the respondents had quite mixed and divergent views about debt, which included debt averse and moralistic stances, concerns about their own money management, as well as a tolerant acceptance that debt is an integral part of life nowadays. However, they were most likely to be fearful about debt.”

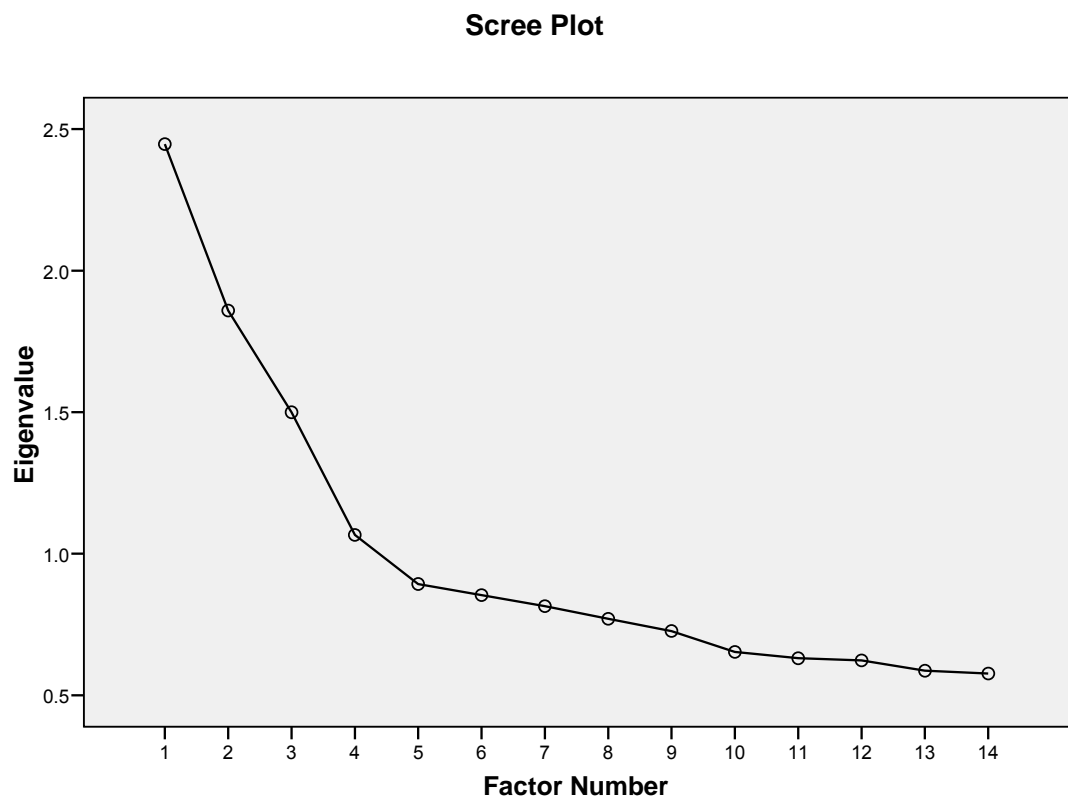


Figure 4: Scree plot of the 14-item Attitudes to Debt scale (Stage One sample)

The dimensionality of Davies and Lea's (1995) Attitudes to Debt Scale in the present sample

A Factor Analysis was conducted on the 14-items which formed the Davies and Lea's (1995) Attitudes to Debt scale in the present Stage One sample. A Scree plot (Figure 4) suggested three or four factors; the Cronbach's alpha on the 14-item scale was found to be low at .58. Many attempts were made to rotate the items through Principal Axis Factoring, and unfortunately, irrespective of the number of factors attempted, the structure of the rotation matrix was not easily interpretable. Numerous methods were attempted yet there was no discernible pattern irrespective of the method of analysis used.

A 'New' Debt Scale?

These results, coupled with closer examination of the previous work, suggested that the issue of the factor structure of debt attitudes should be approached afresh. Accordingly, all items concerning debt and student loan attitudes were pooled for analysis. These twenty-five pooled items included the original Davies and Lea (1995) items with the addition of items from Lea. et al (2001), Lewis and Scott (2000), and van Dyke and Little (2002) – refer Chapter 2, Questions 3.1.

Principal Axis Factoring¹ with Varimax rotation on the twenty-five items was conducted. Scree plot analysis (Figure 5) seemed to indicate that a two-factor or a four-factor solution would work best. Analysis of the item loadings for both the two-factor and four-factor solutions favoured the adoption of a two-factor solution. Once items were rotated on two factors using Varimax rotation, items that loaded on both factors and had factor loadings less than .400 were removed. Inter-item statistics revealed some items whose removal would improve the alpha, so these were also discarded leaving nine items. The final 2-factor solution accounted for 43% of the total variance of the final nine items and the factors were uncorrelated with each other ($r = .01$). The factor loadings are located in Table 23 and the inter-item correlations in Tables 24 and 25.

¹ Direct Oblimin rotation was also tried, but revealed no qualitatively different result. Given the uncorrelated relationship between the factors Varimax was used and reported (Gorsuch, 1990).

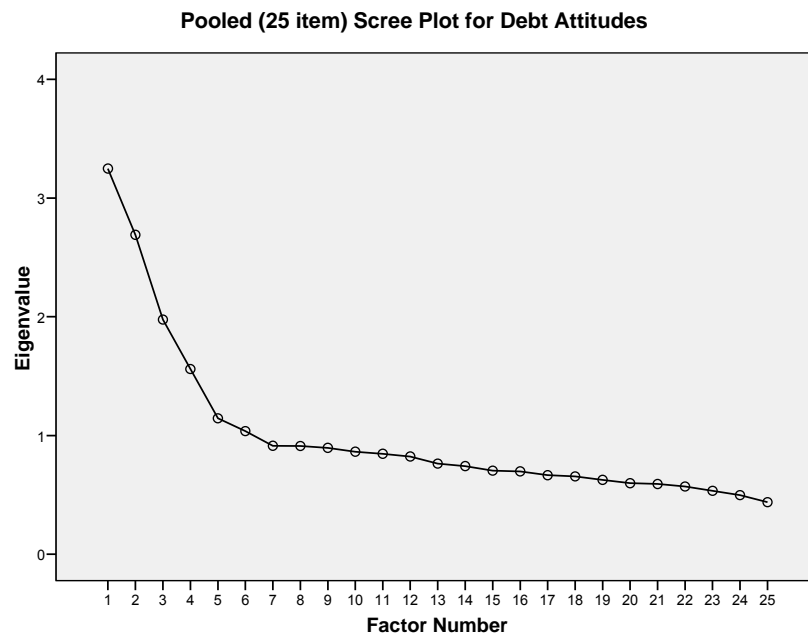


Figure 5: Scree plot of the original pooled 25 debt attitude items (Stage One sample)

Table 23: Rotated Factor Matrix for Debt Attitude Items (Stage One sample)

Item Content	Factor	
	1	2
One of the worst aspects of tertiary education is being in debt	0.739	-0.043
One of the worst aspects of a tertiary student's life is having little money	0.59	0.037
I am seriously worried about the debts I could build up whilst studying for a tertiary education	0.557	-0.055
Student debt puts people off studying towards a tertiary education	0.466	-0.055
I would rather be in debt than change my lifestyle	0.014	0.658
Taking out a loan is a good thing, because it allows you to enjoy life as a student	-0.01	0.591
It is better to have something now and pay for it later	-0.013	0.5
You shouldn't pay your tertiary fees: it is better to get a loan because it is interest free	-0.018	0.466
You should take out a student loan whether you need to or not	-0.091	0.397

a. Extraction Method: Principal Axis Factoring

b. 2 factors extracted. 5 iterations required.

Table 24: Inter-item statistics for Factor 1: Debt Avoidant

Item Content	Mean	Standard Deviation	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Item-Total Correlation	Cronbach's alpha if Item Deleted
One of the worst aspects of tertiary education is being in debt	2.23	0.94	7.05	4.44	0.542	0.555
One of the worst aspects of a tertiary student's life is having little money	2.15	0.94	6.97	4.77	0.442	0.621
I am seriously worried about the debts I could build up whilst studying for a tertiary education	2.00	1.23	6.78	4.36	0.462	0.610
Student debt puts people off studying towards a tertiary education	1.90	1.16	6.80	5.05	0.393	0.650

Table 25: Inter-item statistics for Factor 2: Debt Necessary

Item Content	Mean	Standard Deviation	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Item-Total Correlation	Cronbach's alpha if Item Deleted
I would rather be in debt than change my lifestyle	3.16	1.04	13.19	6.11	0.470	0.561
Taking out a loan is a good thing, because it allows you to enjoy life as a student	2.53	1.18	13.71	6.56	0.436	0.580
It is better to have something now and pay for it later	3.34	0.94	13.05	6.79	0.386	0.603
You shouldn't pay your tertiary fees: it is better to get a loan because it is interest free	2.82	1.17	13.51	6.40	0.391	0.600
You should take out a student loan whether you need to or not	3.37	1.02	12.90	6.50	0.333	0.631

The items from each factor were averaged to give a ‘score’ on each of the debt dimensions. Overall individual scores can thus range from one to five, a lower score of one or two indicating more agreements with the items of the scale, and a score of four or five indicating more or less disagreement. Figures 6 and 7 show the overall distribution of mean scores on each of the scales. The Cronbach’s alpha for Factor 1 and Factor 2 were .68, and .66 respectively.

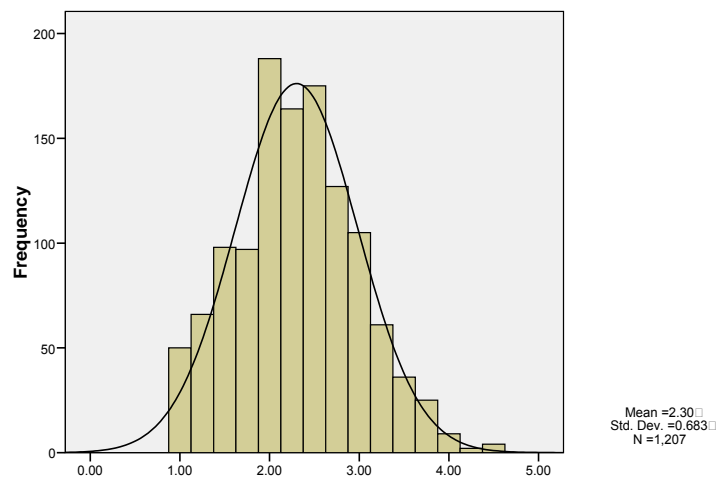


Figure 6: Distribution of mean responses on Factor 1: Debt Avoidant (Stage One sample)

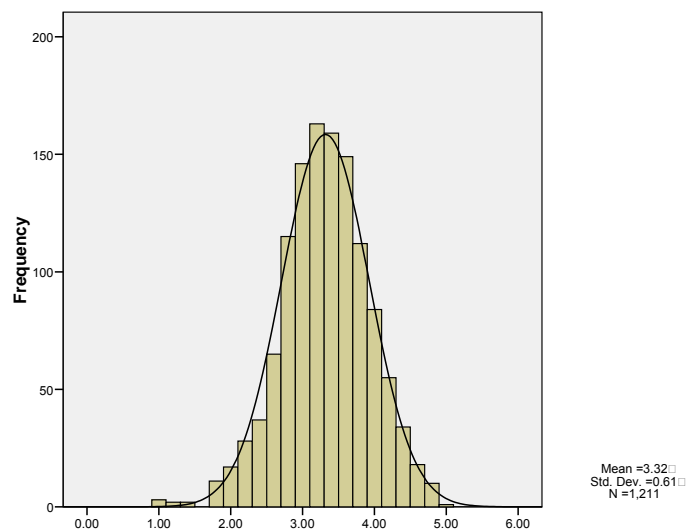


Figure 7: Distribution of mean responses on Factor 2: Debt Necessary (Stage One sample)

Looking at the components of these two factors – the first is consistent with avoidance of debt, and the second implies that debt is a necessity. This may mean that there is both a ‘debt avoidant’ and a ‘debt is necessary’ disposition towards student debt at the same time.

Table 26: Van Dyke and Little’s (2002) Attitude to Debt factor loadings

Item Content	Factor		
	1	2	3
	Liberal	Moralistic/ Debt averse	Fearful about debt
It is better to have something now and pay for it later	-0.71		
I would rather be in debt than change my lifestyle	-0.70		
It is okay to be in debt if you can pay it off	-0.40		
Debt is a normal part of today's lifestyle	-0.38		
There is no excuse to borrow money		0.74	
You should always save up first before buying something		0.47	
Owing money is basically wrong		0.43	0.29
I would worry a lot if I got into debt			0.66
Once you are in debt it is very difficult to get out of debt			0.64
I try to manage with the money I have got			0.37

The way these items have loaded on to the factors appears to be consistent with that of previous studies. Scott and Lewis (2001) found 11 of the 14 original Davies and Lea (1995) items to load on two factors in a similar fashion. Van Dyke and Little (2002) (with a smaller item set and minor wording alterations) found three factors (Table 26). Loosely, van Dyke and Little’s (2002) factor structure is similar to that of the present study although their second and third factors have collapsed to one factor in the present finding.

Final items in the new scales

Factor 1: Debt Avoidant

1. I am seriously worried about the debts I could build up whilst I am in tertiary education
2. Student debt puts people off tertiary education
3. One of the worst aspects of a tertiary student's life is having little money
4. One of the worst aspects of going on to tertiary education is being in debt

Factor 2: Debt Necessary

1. I would rather be in debt than change my lifestyle
2. Taking out a loan is a good thing, because it allows you to enjoy life as a student
3. It is better to have something now and pay for it later
4. You shouldn't pay your tertiary education fees: it is better to get a loan because it is interest free
5. You should take out a loan whether you need to or not

Variation between respondent groups

There were differences found between respondent groups at Stage One on both factors. A lower mean score on each factor indicates a more general agreement with the statements in each factor.

Debt Avoidant

T-tests were conducted between different groups of respondents on the Debt Avoidant scale. Table 27 shows the significant differences ($p < .05$). Females were found to be more avoidant of debt than males. Those whose parents did not attend university were more likely to be Debt Avoidant, as were those attending independent schools and those intent on taking out a student loan.

Table 27: Significant mean score differences on Debt Avoidant Scale (Stage One)

Characteristic	N	Mean	SD
STUDENT LOAN			
Taking out a loan	489	2.22	0.7
Not taking out a loan	201	2.5	0.69
MOTHER ATTENDED UNIVERSITY			
Yes	474	2.37	0.68
No	617	2.25	0.67
FATHER ATTENDED UNIVERSITY			
Yes	537	2.38	0.69
No	553	2.32	0.67
GENDER			
Female	659	2.23	0.69
Male	473	2.4	0.7
SCHOOL TYPE			
State	968	2.55	0.68
Independent	238	2.49	0.67

All mean differences significant at $p < .05$ level

Debt Necessary

Significant differences ($p < .05$) in the mean scores of respondents on the Debt Necessary scale are shown in Table 28. The t-tests found females were less likely to agree debt was necessary compared with males. Those intent on taking out a student loan agreed more that debt is necessary, as did those attending independent schools.

Table 28: Significant findings of mean score differences on Debt Necessary Scale (Stage One)

Characteristic	N	Mean	SD
STUDENT LOAN			
Taking out a loan	489	3.21	0.62
Not taking out a loan	201	3.49	0.59
SCHOOL TYPE			
State	973	3.34	0.6
Independent	238	3.24	0.63
GENDER			
Female	659	3.37	0.59
Male	473	3.27	0.63

All mean differences significant at $p < .05$ level

Scale correlations

Debt Avoidant

Pearson correlations found females, those who attended a state school/ lower Decile school and those with fewer savings were more avoidant of debt. Respondents whose mother and father did not attend university were also more avoidant of debt at Stage One (Table 29).

Table 29: Pearson correlations with Debt Avoidance Scale (Stage One)

	N	Debt Avoidance Scale (Stage One)
Female (vs. male)	1132	**-.12
Elley-Irving Socio-Economic Index	1204	-0.03
State School (vs. Independent School)	1204	**0.15
School Decile	1204	**0.16
Father went to university	1088	**-.11
Mother went to university	1088	**-.09
Financial support from parents	1159	-0.02
Debt amount (Stage One)	1198	-0.01
Savings amount (Stage One)	1199	**0.12
Attitude Tertiary Education Scale (Stage One)	1202	0.03
Debt Necessary Scale (Stage One)	1207	*-.06
Planning to take out Student Loan (Stage One)	910	**0.10
GPA at tertiary institution	102	-0.02

** Correlation is significant at the 0.01 level

* Correlation is significant at the 0.05 level

Multiple regression analysis was conducted to evaluate how well the Debt Avoidance scale at Stage One could be predicted. The variables entered into the regression were the eight significant correlates seen in Table 30. There was a significant overall linear relationship between the criterion variables and all the predictor variables except two: Father at university and Mother at university, $F(6,1071) = 9.64, p < .01$. About 5% of the variance of the Debt Avoidance scale can be accounted for, which is very low. All three predictors contributed to the prediction.

Table 30: Multiple Regression Analysis Predicting Debt Avoidance Scale (Stage One)

	<i>b</i>	<i>SE b</i>	<i>β</i>
Constant	2.092	0.121	
Female (vs. male)	-0.131	0.047	-.093**
State School (vs. Independent School)	0.127	0.062	.075*
School Decile	0.023	-0.009	.088**
Father went to university	-0.053	0.060	0.214
Mother went to university	-0.057	0.065	0.297
Savings Amount (Stage One)	0.037	0.014	.088**
Debt Necessary Scale (Stage One)	0.011	0.002	0.254
Planning to take out Student Loan (Stage One)	0.063	0.027	.077*

Note $R^2 = .046$

** Beta-weight is significant at the 0.01 level

* Beta-weight is significant at the 0.05 level

Debt Necessary

Respondents most likely to agree that debt is necessary are from the higher social classes and attending independent schools. Those who had more debt at Stage One and those who were planning on taking out a student loan were also more likely to agree that debt was necessary (Table 31).

Table 31: Pearson correlations with Debt Necessary Scale (Stage One)

	N	Debt Necessary Scale (Stage One)
Female (vs. male)	1135	**0.08
Elley-Irving Socio-Economic Index	1208	**-.010
State School (vs. Independent School)	1208	*-.006
School Decile	1208	0.00
Father went to university	1091	0.01
Mother went to university	1091	0.03
Financial support from parents	1163	0.01
Debt amount (Stage One)	1202	**-.014
Savings amount (Stage One)	1203	0.03
Attitude Tertiary Education Scale (Stage One)	1203	-0.01
Debt Avoidance Scale (Stage One)	1207	*-.006
Debt Necessary Scale (Stage One)	1211	1.00
Planning to take out Student Loan (Stage One)	913	**0.16

** Correlation is significant at the 0.01 level

* Correlation is significant at the 0.05 level

Multiple regression analysis was again conducted to evaluate how well the Debt Necessary Scale (Stage One) could be predicted. Entering the seven significant correlates seen in Table 31 into the regression as predictors, school type, debt at Stage One and planning to take out a student loan. The regression accounted for almost five per cent of total variance but the model was not found to be significant (Table 32).

Table 32: Multiple Regression Analysis Predicting Debt Necessary Scale (Stage One)

	<i>b</i>	<i>SE b</i>	<i>β</i>
Constant	3.095	.126	
Female (vs. male)	.090	.041	.072*
State School (vs. Independent School)	-.129	.055	-.085*
School Decile	.009	.008	.038
Debt amount (Stage One)	-.069	.023	-.097*
Debt Avoidance Scale (Stage One)	-.032	.030	-.036
Planning to take out Student Loan (Stage One)	.118	.024	.164*

Note $R^2 = .045$

** Beta-weight is significant at the 0.01 level

* Beta-weight is significant at the 0.05 level

Conclusions

Previous studies have followed the Davies and Lea (1995) Attitude to Debt scale in measuring debt attitudes. The present finding suggests that debt attitudes are more complex than the unidimensional construct proposed by Davies and Lea (1995). This is consistent with the multi-factor findings of previous studies that – for the most part – have treated the scale as unidimensional. The present study proposes an alternative, uncorrelated, two factor model: Factor 1 – Debt Avoidant, and Factor 2 – Debt Tolerant.

Davies and Lea (1995) found significant effects of gender in regard to attitudes to debt – the present study found similar effects. Females were found to

be more avoidant of debt than males. Those respondents whose parents attended university were less likely to be reporting that they were worried about debts they could build up while in tertiary study, and were more avoidant towards the use of debt and credit facilities to purchase things.

Interestingly, however, those more likely to be avoidant were also more likely to be intending on taking out the student loan implying that their concerns were not enough to deter them from tertiary entry; or their attitudes towards government student loans were such that it is no longer considered a normal form of debt (consistent with the findings of Lea et al, 2001).

Furthermore, those who were taking out a loan were more likely to agree that debt was necessary because it allowed one to have desired items now, rather than later, that one should take out a loan whether one needs to or not, and to justify debt is a normal part of today's lifestyle – a more 'debt is necessary mindset.' Debt Necessary is more likely to be found in those who attended independent schools. Consistent with Davies and Lea (1995) males were more likely to agree that debt was necessary.

CHAPTER SIX

UNIVERSITY INDEPENDENT SAMPLE

Purpose

The rationale behind this study was two-fold. First, it was a pilot for Stage Two (Questionnaire Two) that was to be conducted ‘online’ with a specifically designed database. Second, it served as an independent sample to test the factor structure of the Attitude to Debt questions. It was found with the Stage One sample that the Davies and Lea (1995) factor structure was not supported. Was this just a characteristic of the school leaver sample, or would this finding be replicated in a university sample?

Method

Participants

Participants in the University Independent Survey were 125 first-year psychology students recruited from the University of Canterbury. They voluntarily took part in the survey after a psychology laboratory class. There were 39 males and 86 females. Each participant was given chocolate upon completion of the exercise. Students were not allowed to participate if they were part of the longitudinal (Stage One) sample.

Procedure

Ethics approval was obtained from the Human Ethics Committee of the University of Canterbury before any datum was gathered. As participants completed the University Independent Survey, the data was written to a file on the University of Canterbury’s database. The questionnaire took between 15 and

20 minutes to complete. A large number of questions were asked and measures taken of this sample (as a pilot study for Questionnaire Two) but only the Attitudes to Debt questions are considered below.

Measures

Attitudes towards debt and student loans (Question/s 3.1)

Respondents were asked to consider the 23 items as found in both Questionnaire One (see Chapter Two, Question 3.1) and Questionnaire Two.

Results

Exploratory Factor Analysis was conducted as earlier using Principal Axis Factoring on the 25 items. Scree plot analysis (Figure 8) suggested the presence of two or four factors. After removing items that loaded on both factors and had loadings less than .300. A 2-factor solution was found accounting for 31 per cent of the total variance which had Cronbach alphas of .65 and .64 respectively. This factor structure (Table 33) was very similar to that found in Stage One. The items appear to essentially load on the same factors and one factor has the same order of factor loadings found in Stage One.

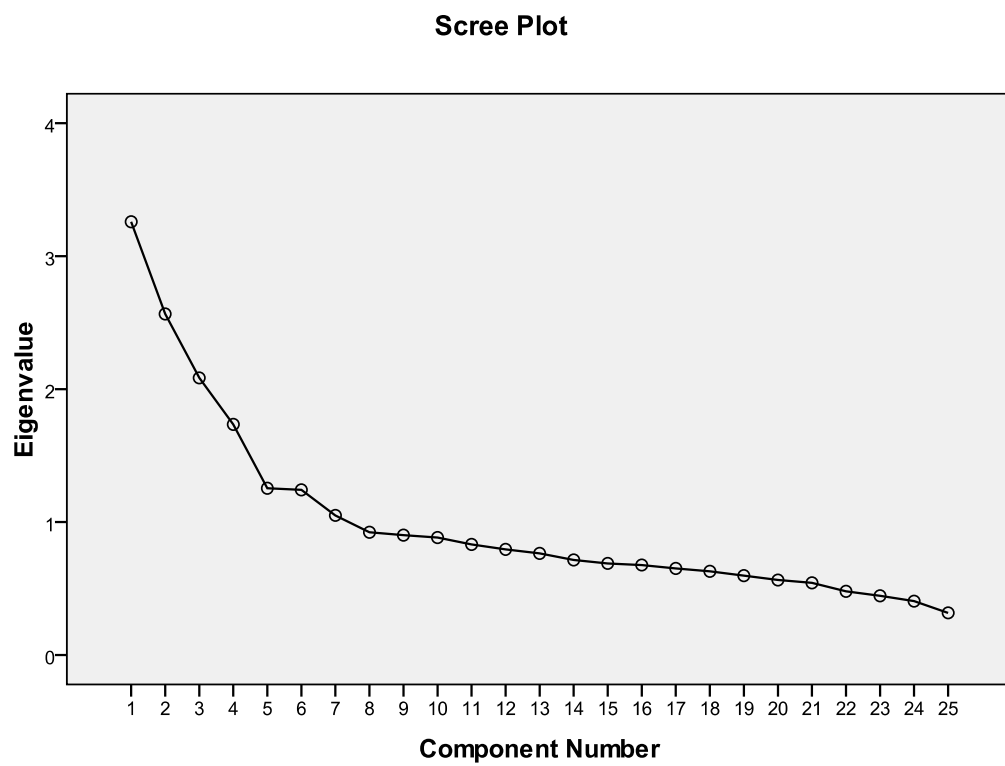


Figure 8: Scree plot of the original pooled 25 debt attitude items (University Independent sample)

Table 33: Rotated Factor Matrix for Attitude to Debt items (Pilot Sample)

Item Content	Factor	
	1	2
You shouldn't pay your tertiary fees: it is better to get a loan because it is interest free	0.609	
Taking out a loan is a good thing, because it allows you to enjoy life as a student	0.597	
You should take out a loan whether you need to or not	0.519	
I would rather be in debt than change my lifestyle	0.477	
It is better to have something now and pay for it later	0.392	
One of the worst aspects of a tertiary student's life is having little money		0.851
One of the worst aspects of tertiary education is being in debt		0.653
I am seriously worried about the debts I could build up while in tertiary education		0.406
Student debt puts people off tertiary education		0.349

- a. Extraction Method: Principal Axis Factoring.
- b. Rotation Method: Varimax with Kaiser Normalization.
- c. Loadings less than .3 were omitted

Conclusions

The factor structure found in the Independent University Sample supported the factor structure found in Stage One. This sample was independent of Stage One and taken from a different population of current university students. Thus, the independent sample's factor structure gives strong support for the findings of the Stage One sample that debt attitudes are not a unidimensional construct, and that a two-factor solution is reasonable.

CHAPTER SEVEN

QUESTIONNAIRE TWO: SURVEY OF SCHOOL LEAVERS

Methodology

Participants

Participants were from the original sample of New Zealand secondary school pupils in their final year of study that completed Stage One. One year later, contact was attempted with those who had consented to longitudinal participation at Stage One (462 participants).

Measures

The research instrument involved in this study was a specifically designed “New Zealand tertiary students’ attitudes to debt and term-time working” questionnaire (Appendix B), which was based on Questionnaire One with the major addition of questions on term-time working. All participants were given identical questionnaires online which consisted of (a) an introduction page informing respondents of the instructions, confidentiality; (b) information on what participants were currently doing; (c) questions on respondents’ current course of study (if applicable); (d) questions on students attitudes towards tertiary education; (e) questions on respondents’ attitudes towards debt and student loans; (f) their current financial situation; (g) respondents’ knowledge of tertiary student finances; (h) questions pertaining to their tertiary choices; (i) questions about paying for their course; (j) questions regarding paid work; (i) questions about reasons for choosing not to work during term-time; (j) questions about their decision to work during term-time; (k) questions about perceived impact of term-time working on coursework; and (l) demographic information.

Listed below are the actual questions, under the appropriate research measure heading.

Information on participant (Question/s 1.1)

Respondents indicated their highest qualifications they received before leaving school. As the students could have studied for more than one of the following qualifications, responses were coded as 1 = studied the qualification or, 0 = did not study for the qualification. The qualifications offered in New Zealand Secondary schools: NCEA Scholarship; NCEA Level 3; NCEA Level 2; Cambridge International Examinations (A & AS-Levels); International Baccalaureate; University Entrance; Other (specify).

What participant is currently doing (Question/s 1.2)

Respondents were asked what they were currently doing. Their forced options were: Full-time study; Part-time study; Working; Unemployed; or, Gap year

Current course of study (Question/s 1.3)

Respondents were asked if where they were studying and to specify the name of the institution where they were enrolled. Their options were: University (specify); College of Education (specify); Polytechnic (specify); Technical Institute (specify); Other (specify); I am Not Studying.

Attitudes towards tertiary education (Question/s 2.1)

These questions featured in Questionnaire One. Respondents were asked to consider all 12 items (See Questionnaire One).

Attitudes towards debt and student loans (Question/s 3.1)

Respondents were asked to consider the 23 items found in Questionnaire One.

Students' financial situation (Question/s 3.2-3.4)

If the respondent was presently enrolled in a tertiary institution, they were asked how much money from their savings they had used to fund time during their course by ticking a box in the appropriate range. Responses were entered by coding 1 = No savings at all; 2 = Below \$500; 3 = \$501 - \$1000; 4 = \$1001 - \$3000; 5 = \$3001 - \$5000; and 6 = More than \$5001. They were asked if they owed money on any of the following: Bank overdraft; Other loan from bank (excluding mortgages); Credit cards/ store cards; Hire purchase agreements; Unpaid bills; or Other money owed. Responses were coded as 1 = yes (money is owed), or 0 = no money owed. They were also asked how much money in total they owed on the above (excluding their student loan). Responses were entered by coding 1 = None; 2 = Below \$500; 3 = \$501 - \$1000; 4 = \$1001 - \$3000; 5 = \$3001 - \$5000; or 6 = More than \$5001.

Knowledge of tertiary student finances (Question/s 4.1- 4.5)

These questions were in Questionnaire One. Respondents were asked to estimate in raw figures: (a) the total amount of money that the average tertiary student spends in one year, if living away from home; (b) how much money they think the average tertiary student receives in one year, if living away from home; and (c) how much money they think the average tertiary student owes at the end of their course, as a result of going entering tertiary education.

Tertiary choices (Question/s – 5.3)

These questions were only asked to those who were presently enrolled in a tertiary education. First, they examine what these respondents were studying at their tertiary institution. Respondents were asked what qualification they were studying for and in what subject area.

Paying for their course (Question/s 6.1 – 6.7)

Respondents were asked if they were taking out a student loan. Responses were coded as 1 = yes; 2 = no. They were asked to indicate which of the following they received: Student loan for my course fees; Student Loan for Living Allowance (and value \$); Student Allowance; I do not have a Student Loan or a Student Allowance. If the respondent received a student loan/ student living allowance, they were asked what they use this money for. They were asked to indicate all the applied to them from the following: Rent / food / power and necessities; Pocket / spending money (coffee, movies, alcohol); I invest it in a savings account / term deposit to earn interest.

Respondents were asked what their total income was for the current academic year (from February 2007 to November 2007), and they were asked roughly how much money in savings, if any, they thought they would have by the time they finished their course.

Respondents were asked roughly how much money they think they will owe as a result of being at a tertiary institution, in dollars, on the following things: All loans from StudyLink; Bank Overdrafts; Outstanding payments on Credit Cards; Outstanding payments on Bank Loans; Outstanding payment on Hire Purchase; Unpaid bills; Other.

Respondents were asked how they believed they were managing financially at the moment. Their options were: I am keeping up with all my bills/ credit commitments without any difficulty; I am keeping up with my bills/ credit commitments, but I struggle from time to time; I am keeping up with all my bills/ credit commitments, but it is a constant struggle; I am falling seriously behind with some of my bills and credit commitments; I am having real financial problems and have fallen behind with my bills and credit commitments; My parents/ guardians/ other family cover all expenses.

Paid work (Question/s 7)

Respondents were asked if they had taken on paid employment in the current academic year: Not at all; Vacations only; Term-time only; Both vacations and term-time. They were also asked which semester/s they had worked in.

Respondents were also asked (a) How many weeks in the semester have you worked (semester is 12-weeks long); (b) How many hours have you worked each week, on average; and (c) How much have you earned an hour, on average?

Reasons for not working during term-time (Question/s 7.4)

If respondent had not worked, they were asked to consider how important the following was in their decision not work during term time:

- a. I prefer to take out a student loan than work during term-time
- b. I do not need to work because my family gives me all the money I need
- c. I want to concentrate on my studies
- d. I have been unable to find a job/suitable job
- e. I can manage financially on my student loan
- f. I prefer to do other things with my time
- g. My academic work would suffer if I had a term-time job
- h. I cannot cope with juggling my studies, work and family commitments
- i. I am under a lot of pressure from my family to do well
- j. I do not need the money because I can rely on my savings
- k. I have already done/ am currently doing a work placement as part of my studies
- l. Other.

Each item was scored on a rating scale, anchored at 1 = 'Very important,' 4 = 'Not important at all' and 5 = 'N/A'.

Reasons for working during term-time (Question/s 8)

If the respondent had worked during term-time, they were asked to answer the following questions:

- a. I can't manage just on my student loan
- b. I need the money for basic essentials
- c. I have no choice, my family cannot help me financially
- d. I wanted to buy a particular item
- e. I want to reduce the amount I borrow from StudyLink
- f. I want the experience
- g. To avoid taking out a student loan
- h. My family encouraged me to take a job
- i. I thought the work would help me get a job when I graduate
- j. Other

Each item was scored on a rating scale, anchored at 1 = 'Very important,' 4 = 'Not important at all' and 5 = 'N/A'.

The impact of term-time work (Question/s 9)

Respondents were asked how often their term-time job/s meant that they had:

- a. Missed lectures
- b. Missed seminars/tutorials/classes

- c. Missed deadlines for assignments and course work
- d. Had difficulty accessing the institution's computing facilities/library/learning resources
- e. Produced poor quality assignments

Each item was scored on a rating scale, anchored at 1 = 'Frequently,' 2 = 'Occasionally' and 3 = 'Never'.

Respondents were asked to what extent they believed their term-time job/s affected the time they spent on:

- a. Studying independently
- b. Reading
- c. Preparing/writing assignments and course work
- d. Revising for exams
- e. Using my institution's library/learning resources
- f. Using my institution's computing facilities
- g. Leisure and sports
- h. Socialising and relaxing
- i. Sleeping
- j. Seeing my family

Each item was scored on a rating scale, anchored at 1 = 'A lot,' 2 = 'A little' and 3 = 'Not at all'.

Respondents were asked as to what extent they agree with the following statements about their term-time job/s:

- a. I feel constantly overloaded because of my job and the demands of my academic work
- b. My job is related to my studies
- c. I find it difficult to juggle the demands of my job and the demands of my course
- d. My job gives me opportunities to apply knowledge and skills from my studies
- e. My job helps me develop useful skills
- f. Overall, my job has negatively affected my time studying
- g. Overall, my job has positively affected my time studying
- h. My course actually makes it possible to combine term-time work and study (e.g. through late night access to resources; time-tabling)
- i. My job helps me use my time better
- j. My job gives me opportunities to access resources that I can use for my studies

Each item was scored on a five-point Likert-type rating scale, anchored at 1 = 'Strongly agree' and 5 = 'Strongly disagree'

Finally, respondents were asked to what extent they thought their term-time job affected their course work and exam marks this year. Their options were: Significantly lower; Slightly lower; No impact; Slightly higher;

Significantly higher; Not applicable – did not have a term-time job this academic year.

Demographic information about respondents

Respondents indicated their gender; age; ethnicity; religion; whether they had a disability which impaired their ability to carry out normal day-to-day activities; whether members of their immediate family had studied at university; their parental situation and living arrangements; and who the main income earner was in their family and their occupation. Responses were coded as in Questionnaire One.

Effects of work on actual GPA

All of the participants surveyed at Stage Two were asked if they were willing for their tertiary provider to release their official end of year marks for their courses. Sixty-five per cent of all students in Stage Two gave their permission. A Grade Point Average (GPA) is the comparative standard used by New Zealand tertiary institutions to judge a students' standing. It is calculated by an allocation of points to every grade received and dividing this total by the number of courses. The points allocated are recorded in Table 34: Thus, higher GPAs are representative of higher academic results.

Table 34: Points allocated to grade for GPA calculation

Grade	Points Allocated
A+	9
A	8
A-	7
B+	6
B	5
B-	4
C+	3
C	2
C-	1
D	0
E	-1

The GPAs for all consenting students were collected from their relative institutions and merged with the survey data resulting in a final $N=104$.

Procedure

Ethics approval was obtained from the Human Ethics Committee of the University of Canterbury before any datum was gathered. Due to their various locations, it was felt that an internet-based survey would be the best method for both the researcher and the participants to complete the survey. The participants who supplied an email address were emailed the details, and those who only provided a phone number were telephoned in October 2007. As participants completed Questionnaire Two, the data were written to a file on the University of Canterbury's database. Follow up emails and phone calls were made to the

participants fortnightly until early December 2007. The questionnaire took between 15 and 20 minutes to complete.

Questionnaire Two was very similar in structure to that of Questionnaire One other than being completed online and with the addition of term-time working questions. All completed questionnaires were entered into *SPSS 15.0 for Windows* and were subjected to an analysis of outliers, and checked for errors or omissions. Following conventions, questionnaires with extreme outliers or serious omissions were discarded. Of the 462 who consented to participate in 2006, 71 could not be contacted in 2007. Of the 391 who were contacted, 201 participants responded yielding a response rate of 51%.

Sample

Summaries of respondents' characteristics can be found in Table 35 and Table 36. The majority of respondents fell into the following categories: female (67 per cent), Pakeha/ New Zealand European (53 per cent). 54 per cent left school with a NCEA Level 3 qualification. Most of the sample was from the higher socio-economic classes (64 per cent) and over half attended higher Decile schools. However, 80 per cent of the sample had attended a state school. At the time of the survey, the majority were attending a university institution (68 per cent), leaving 20 per cent of the sample who were not studying at any tertiary institution; 81 per cent of the sample were students studying either full or part-time.

Table 35: Sample Characteristics A (Stage Two)

Characteristic	N	%	Stage One %
GENDER			
Male	56	28	39
Female	135	67	54
Missing	10	5	8
AGE			
< 19	201	100	100
ETHNIC ORIGIN			
Pakeha/ NZ European	106	53	46
NZ Maori	2	1	3
Cook Island Maori	1	1	1
Pacific People	3	2	4
European	6	3	5
Indian	7	4	5
Asian	30	15	21
Mixed ethnic group	5	5	2
Other ethnic group	10	5	3
Missing	1	1	11
SOCIO-ECONOMIC CLASS			
1	65	32	24
2	36	18	18
3	28	14	15
4	26	13	13
5	10	5	5
6	9	5	5
Missing	27	14	19
SCHOOL DECILE			
3	23	12	11
4	20	10	9
5	33	16	21
7	19	10	6
8	1	0.5	2
9	6	3	3
10	97	48	48
TOTAL PARTICIPANTS	201	100	100

Table 36: Sample Characteristics B (Stage Two)

Characteristic	N	%
SECONDARY SCHOOL ATTENDED		
State	173	80
Independent	38	20
SCHOOL LEAVING QUALIFICATION		
NCEA Scholarship	20	10
NCEA Level 3	109	54
NCEA Level 2	13	7
Cambridge International Examinations	36	18
International Baccalaureate	4	2
University Entrance	14	7
Other	2	1
PRESENTLY		
Studying Full-time	154	77
Studying Part-time	7	4
Working Full-time	23	11
Unemployed	4	2
GAP Year	11	6
Missing	2	1
TERTIARY INSTITUTION TYPE ATTENDING		
University	137	68
College of Education	3	2
Polytechnic	14	7
Technical Institute	2	1
Other	6	3
I am not studying at a tertiary institution	38	20
TOTAL PARTICIPANTS	201	100

CHAPTER EIGHT

A CONFIRMATORY FACTOR ANALYSIS OF DEBT ATTITUDES

Alternate models

The debt attitude findings of the school leavers' sample at Stage One and the tertiary students in the Pilot Sample raised a fundamental question: How are debt attitudes really structured? The original proposal of Davies and Lea (1995) was that debt attitude was a unidimensional construct as depicted by Model A in Figure 9. This has formed the base for research concerning debt attitudes to date. A second possibility is that debt attitudes are multifaceted – as depicted by Model B in Figure 10. This is the finding of the current research through exploratory factor analysis of the previous two samples in this thesis.

Choosing which of the models that is most likely to be correct has significant ramifications for debt attitude theory and research. The main aim of this chapter is to compare Model A and Model B using confirmatory factor analysis on the Stage Two sample.

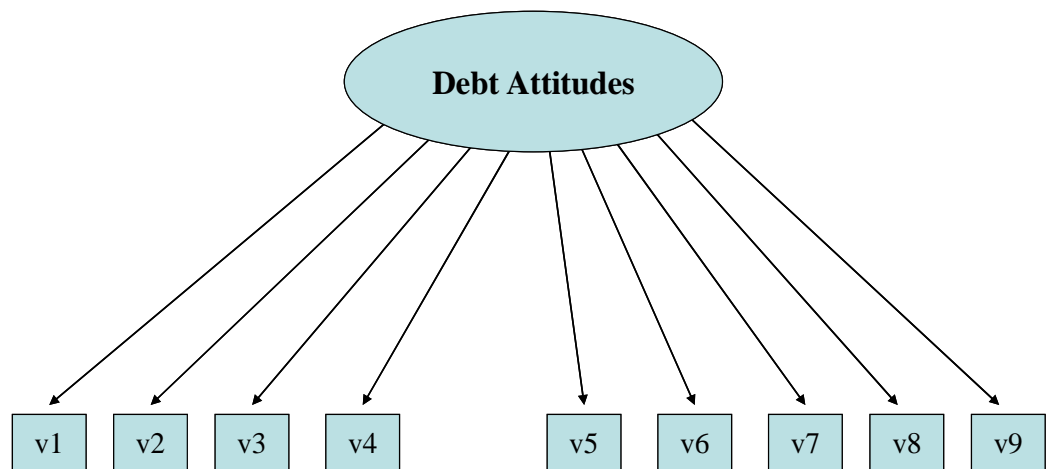


Figure 9: Model A of Debt Attitudes

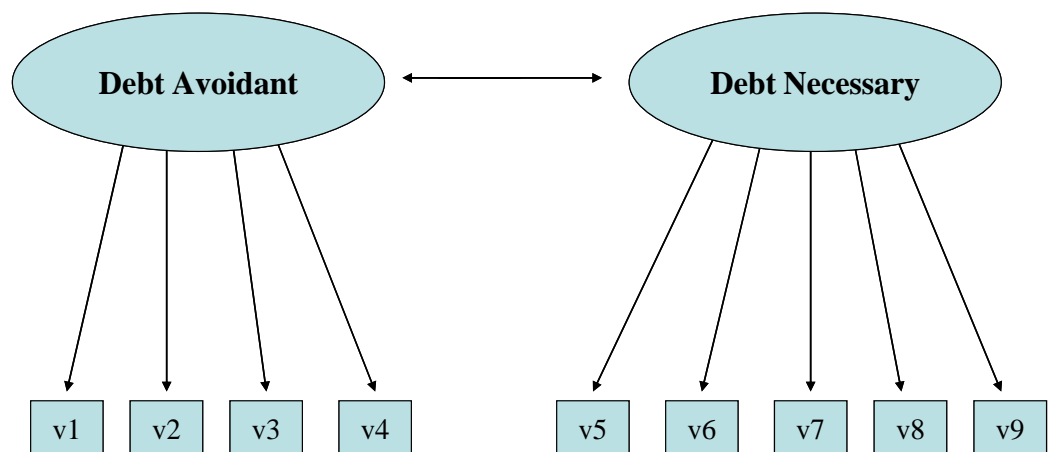


Figure 10: Model B of Debt Attitudes

Confirmatory factor analysis

Confirmatory factor analysis – in contrast to standard exploratory factor analysis – is ideally suited to testing and comparing the sort of models found in Figure 7 and Figure 8. This can be accomplished by comparing how well each of the models fits the empirical data. If the findings of factor structure of Stage One and the University Independent Sample are correct, Model B should achieve a much superior fit to Model A. On the other hand, if attitude to debt is a unidimensional construct that accounts for virtually all debt attitudes (as proposed by Davies and Lea, 1995), Model A should achieve a superior fit to Model B.

Confirmatory factor analyses were done using AMOS 7.0 for Windows. Levels of fit were assessed by the significance levels of the robust chi-square, the comparative fit index (CFI), and the root mean square error of approximation (RMSEA). The CFI, which is not adversely affected by sample size, is usually considered to show a good fit when it is .90 or higher (Bentler, cited in Fletcher, Simpson, & Thomas, 2000). The CFI is regarded as a better measure of fit than the statistical significance level, which tends to produce conservative estimates of fit when many variables are analysed and is acutely sensitive to sample size (Marsh, Bella, & McDonald, 1988). The RMSEA provides a measure of discrepancy per degree of freedom. Browne and Cudeck (1993) suggested that a RMSEA value of .08 or lower reflects a reasonable fit. As with Brown and Cudeck (1993), it was not assumed that either model would fit the data in a population perfectly because all models are approximations.

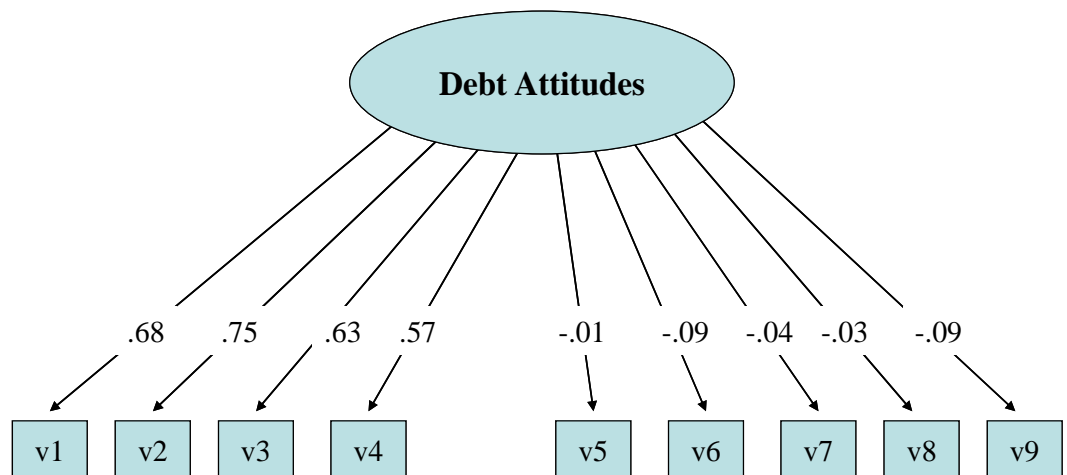


Figure 11: A confirmatory factor analysis, with Model A

Model A and Model B were tested and compared using the Stage Two sample data. In Model A all observed variables (items) were treated as if they loaded on a single factor (Figure 11). This model showed a poor fit, with a RMSEA well above .08 and a CFI well below .90. Consistent with the exploratory factor analysis on other samples, Model B revealed a good fit, with a CFI above .90 and a CFI less than .08 (Figure 12). The full results for this model can be seen in Table 37. All of the loadings were high and positive. All factors were significant at $p < .05$ level.

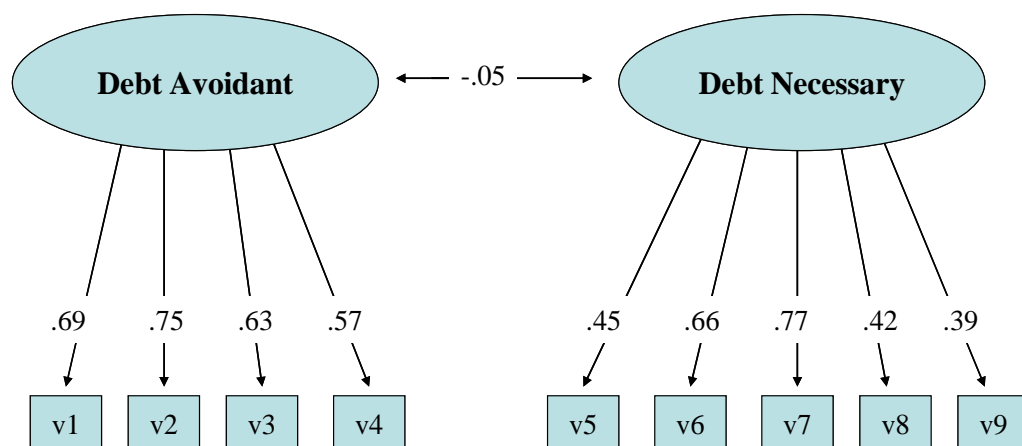


Figure 12: A confirmatory factor analysis, with Model B

Table 37: Confirmatory factor analysis fit indexes for each model

Model	χ^2	df	p	Robust CFI	RMSEA
Model A (single factor)	161.44	27	< .001	.55	.16
Model B (two factor)	50.49	26	< .001	.92	.07

Comparison	χ^2 Change	df Change	p for χ^2 Change
Models A and B	110.96	1	<.001

Conclusions

The Stage Two data supported the exploratory factor analysis findings on two recent samples concerning the fits of the models shown in Figure 7 and Figure 8. Model A, as proposed by Davies and Lea (1995), which assumed that the items all tapped a single, unidimensional construct reflecting global debt attitudes, did not fit the data. Model B, which assumed that the nine perceived debt attitude components loaded on to one of two constructs which were independent and uncorrelated, provided a good fit for the data. In short, the results of the confirmatory factor analysis clearly do not support the view that debt attitude is a unidimensional construct that governs the individual. Instead, they are consistent with a more complex picture in which people tend to have two, unrelated constructs regarding debt. Thus it seems justified to treat debt attitudes in the future as Debt Avoidant and Debt Necessary, as proposed in Chapter Five.

CHAPTER NINE

TERTIARY STUDENTS' FINANCIAL SITUATION

This chapter aims to understand the current debt and savings situation of the Stage Two sample, their student loan take-up and their expectations of tertiary education debt. This data will be compared with the Stage One taken a year earlier for differences and changes, at both group and individual level.

Debts

The size of total debts increased with 21 per cent of the students in the sample having debts of \$1,000 or less and 15 per cent of the sample with debts exceeding \$1000 in their first 12 months out of school (Table 38).

Table 38: Proportion of Stage One and Stage Two reporting debt by debt amount

Money owed in debt	Stage One % N=1232	Stage Two % N=161
None	85	64
Below \$500	9	13
\$501 - \$1,000	3	8
\$1,001 - \$3,000	3	6
\$3,001 - \$5,000	1	3
More than \$5,001	1	6

Table 39 shows student participants in Stage Two were more likely to have debt, and there was a decrease in the proportion of those with no debts to

64 per cent. The most common reported type of debt (outside of student loan) was bank overdraft.

Table 39: Proportion of Stage One and Stage Two debt by debt type

Type of Debt	Stage One Incidence % N=1232	Stage Two Incidence % N=161
Bank overdraft	3	17
Other loan from bank	1	1
Credit/store cards	2	9
Hire purchase agreements	2	2
Unpaid bills	2	3
Other money owed	8	8
No debts at all	85	64

The NZ University Students' Association Survey (2007), which compared the incidence and mean debt of a sample of university students from all levels of study between 2001 and 2007, found that the amount borrowed in 2007 increased between 2004 and 2007 (bank overdraft by \$342, credit cards by \$495, other loans/ debt by \$2,718, and personal loans from bank by \$6,109). Interestingly, in 2007 full-time students' mean bank debt and other loans have almost doubled, credit has increased and loans from parents have decreased. Not surprisingly, given the NZUSA sample was from university students at all levels, mean debt was higher than the present study's first year tertiary sample.

Individual change in reported debts was compared between student respondents who were present at Stage One and Stage Two. There was negative correlation between individuals' amount of debt at the stages ($r = -.12$).

Table 40: Individual debt amount at Stage Two compared with debt amount at Stage One ($N = 161$)

	% of sample
Less debt	3
No change	57
More debt	40

Table 40 shows the likelihood of increased individual debt between Stage One and Stage Two. Forty per cent of individuals at Stage Two had more debt than in Stage One. Interestingly (given the reported rate of student loan take-up – see later), a number of those reporting no change in debt were taking out a student loan. Thus, it may be that some respondents have not yet grasped that they are already in debt or, alternatively, are considering their student loans as something other than debt.

Total debt at Stage Two was found to be correlated to the Debt Necessary scale. Total reported debt is negatively correlated with Debt Necessary both at Stage One ($r = -.12$, $N = 1232$, $p < .01$) and Stage Two ($r = -.24$, $N = 201$, $p < .01$): those with less debt were more likely to believe debt was necessary. Total debt was found to be correlated with Debt Avoidance at Stage Two ($r = -.19$, $N = 201$, $p < .01$) but not at Stage One (at the .05 level). No

significant relationship was found between debt and gender, socio-economic class, or other demographic variables.

Savings

The overall proportion of total savings changed little in Stage Two compared with Stage One – however, the proportion of the sample with savings in excess of \$3,000 decreased somewhat implying savings are either being used to fund studying /travel /accommodation and /or there is no excess income left over to save (Table 41). However when looking at individual change in reported savings for student respondents who were present at Stage One and Stage Two changes are evident. Seventy per cent of Stage Two had less savings then they did a year earlier (Table 42). There was no correlation between individuals' savings between the stages ($r = -.024$).

Table 41: Proportion of total savings reported by both samples

Money Saved	Stage One % N=1232	Stage Two % N=201
No savings at all	21	21
Below \$500	20	17
\$501 - \$1,000	17	24
\$1,001 - \$3,000	21	24
\$3,001 - \$5,000	9	8
More than \$5001	11	6

Table 42: Individual savings amount at Stage Two compared with savings amount at Stage One ($N= 161$)

	% of sample
Less savings	70
No change	14
More savings	23

There were no significant relationship between savings and the attitude to debt scales. Just over a third of the students at Stage Two (38 per cent) believed that they would have no savings at all by the time they finished their tertiary course. No relationships were found between savings and gender, socio-economic class, or other key variables.

Student Income estimates

The Stage Two student sample were asked to estimate the average students' total income for the 2007 academic year: their estimate was to include money received from their family, work and income benefits, student loans, income from paid work, other allowances and grants from the government, and other bursaries. Many of these are means-tested, and in the case of student allowances, will depend on students' living arrangements and where they are living. The results can be seen in Table 43. The average overall estimated average income for students for 2007 was \$11,974.43 with a standard deviation of \$8,007.39. This is higher than the Stage One school leavers' estimates of mean tertiary student income which was \$10,787.77 and higher than the actual mean wage of students from all tertiary levels in New Zealand ($M = 6,817$, $SD = 3,841$) as reported in the NZUSA Survey (2007).

Table 43: Distribution of estimated income for average tertiary student ($N=161$)

Average Income Estimate	% total	
	Stage One	Stage Two
Less than \$2,000	13	8
\$2,001-\$4,000	9	8
\$4,001-\$6,000	16	9
\$6,001-\$8,000	8	9
\$8,001-\$10,000	20	27
\$10,001-\$15,000	12	22
\$15,001-\$20,000	12	7
More than \$20,000	8	4

Change in reported estimates of average student income was compared between respondents who were present at Stage One and Stage Two. Of the students at Stage Two, there was no correlation between individuals' estimates between the stages ($r = -.016$). Table 44 shows that over half the respondents had overestimated the average income of tertiary students compared with their secondary school estimates.

Table 44: Individual estimates of student income at Stage Two compared with estimate at Stage One ($N= 161$)

	% of sample
Over estimated income	52
Accurate income estimate	10
Under estimate income	38

There was no significant variation in estimated annual income by gender or by socio-economic class. There was also no significant difference between students and non-students or between those who took out a student loan and those who did not. Type of tertiary institution (university / polytechnic, etc) also revealed no significant differences in income estimates. Student loan take-up also revealed no significant differences. No significant relationship was found between income estimates and Debt Avoidant and Debt Necessary. Thus, debt attitude does not appear to influence one's income estimates.

Size of student loans estimates

The students were asked to estimate how much money they thought they would owe as a result of being at a tertiary institution. In estimating such borrowings, they were asked to include all loans from StudyLink, bank overdrafts, and outstanding payments on credit cards and bank loans (but excluding money owed on a mortgage). The overall estimated average size of student loans (by the time students finished their course) was \$13,667 ($SD = \$10,257$). This is significantly lower than the average student loan borrowings of \$28,946 reported by the TNS Survey (2007). There appears to be no significant difference in the size of student loan by particular student characteristics such as type of school attended, socio-economic class or whether or not students were undertaking employment either during term-time or vacations. However, a significant positive correlation was found between the estimated size of a student loan and how much a student spends in one year ($r = .20$, $N = 161$, $p < .01$). Those students who estimated spending more per annum were also estimating larger debt.

Reported estimates of average student debt was compared between students who were present at Stage One and Stage Two. There was no significant correlation between individuals' estimates between the stages ($r = .093$). Table 45 shows that very few students at Stage Two had a similar (+/- \$500) student debt estimate a year later. Nearly half the students at Stage Two were expecting higher total debt at the end of their course compared with their expectations a year earlier – and a similar number were expecting less debt. This therefore raises questions regarding the findings in Chapter Four where school leavers' confidence of tertiary student finances, costs and loan understanding were high.

Table 45: Individual estimates of student debt at Stage Two compared with estimate at Stage One (N= 161)

	% of sample
Lower estimated debt	43
Similar debt estimate	9
Higher estimated debt	48

Student loan take-up at Stage Two

Of the participants who reported to being a student studying at a tertiary institution, 73 per cent had taken out a loan from StudyLink in 2007 (StudyLink, 2008). This is an increase from the earlier sample where, of those who were planning to enter tertiary education, only 49 per cent were planning to taking out a student loan. Student loan take up between Stage One and Stage Two was

positively correlated ($r = .28$). Table 46 shows the breakdown of Stage One respondent intent and their actual loan-take up behaviour at Stage Two. Of the 73 per cent who were taking out a loan at Stage Two, 11 per cent had not intended to do so a year earlier. Thus, for the most part, students have following through with their student loan take-up expectations: only 15 per cent of the Stage Two sample changed their mind.

Table 46: Breakdown of individuals' student loan take-up intentions at Stage One compared with actual take-up behaviour of Stage Two students (N=161)

Stage One intent	Stage Two actual	%
Yes	Yes	54
No	Yes	11
Not sure	Yes	8
No	No	11
Yes	No	4
Not sure	No	12

For the Stage Two student sample, there was no significant variation in the take-up of student loans by gender, socio-economic class, or by school-type. Student loan take-up was positively correlated with intended loan take-up at Stage One ($r = .38, p < .01$) and was related to both of the debt attitude scales at Stage One – those who had taken out a loan were found to score both more Debt Avoidant and more Debt Necessary. No significant relationship was found between loan take-up and the Debt Necessary and Debt Avoidant scales at Stage Two (See Chapter 10, regression analyses).

The different types of student loan / allowance support are broken down to their components (Table 47). These different components consist of loans for course fees, loans for living costs, government (means-tested) student allowances. There were fewer differences than might be expected between these groups. Perhaps most salient was the significant difference in those borrowing \$150 per week for living costs – 31 per cent from the higher socio-economic groups versus 69 per cent in the lower ($X^2(1, N=180) = 28.80, p < .01$).

Also interesting were those who were reporting receipt of the means-tested government student allowance. Of those who attended fee-paying independent schools, 21 per cent were receiving this allowance. This compares to 29 per cent of those at state schools receiving the same allowance. The fact that a large number of students who apparently have parents able to afford to pay expensive independent school fees are also eligible for means-tested funding, implies that the criteria the means-tested allowance may need to be reviewed. No relationship was found with the Debt Avoidance or the Debt Necessary scales.

Table 47: Breakdown of Stage Two sample's student loan and government financial support by sex, socio-economic class and school type

	Male	Female	Higher socio-economic classes	Lower socio-economic classes	State School	Independent School
<i>Receive loan for course fees?</i>						
% Yes	62	58	58	44	55	54
% No	38	42	33	47	36	43
<i>Receive loan for living costs?</i>						
% Yes	28	31	31	68.9	29	28.6
% No	72	67	60.5	22.2	62	68
<i>Receive means-tested student allowance?</i>						
% Yes	28.8	28.1	22.5	37.8	29.1	21.4
% No	64.3	64.4	69	53.3	61.6	75

Money Management

Students' views on managing their finances

Table 48 shows that just over a third of the students in the sample (35 per cent) said they had no difficulties keeping up with all their bills and credit commitments. Just under half of the students indicated that keeping up with bills and credit commitments involved a struggle, and but only nine per cent reported it being a constant struggle and a further five percent were falling behind in some degree.

Table 48: How well students are managing their money ($N=161$)

Statement	% Students
I am keeping up with all my bills credit commitments without any difficulty	35
I am keep up with my bills but I struggle from time to time	30
I am keeping up but it is a constant struggle	9
I am falling seriously behind with some of my bills and credit commitments	2
I am having real financial problems and have fallen behind with my bills and credit commitments	3
My parents/guardians other family cover all expenses	21

Students' money management (on a 5-point scale where 1 = *I am keeping up* ..., and 5 = *I am having real financial problems* ...) was correlated with total debt at Stage One ($r = .120$, $p < .05$) and total debt at Stage Two ($r = .260$, $p < .01$). Thus, those with more financial difficulties had greater debt at both Stage One and Stage Two. Those taking out a student loan at Stage Two were less likely to be struggling

financially at Stage Two ($r = .377, p < .01$). No relationship was found with income or expenditure expectations (at either Stage One or Stage Two).

There was little variation by gender, socio-economic characteristics, type of secondary school attended, and type of institution attended, and whether they had worked in these responses. Students who had not taken out a student loan were more than four times as likely as those with such loans to have parents/guardians covering their expenses (42 per cent compared to 10 per cent of those with student loans).

Conclusions

Students took on more debt in tertiary education than they had in their final year of secondary school. Forty per cent of individuals completing both questionnaire at both stages had an increase in total debt between Stage One and Stage Two. Given the reported rate of student loan take-up (73 per cent), a number of those who reported no change in debt were probably taking out a loan. Why some students are not reporting their loan as a current debt needs further investigation.

The amount of savings in excess of \$3,000 decreased in the tertiary sample. Seventy per cent of Stage Two had less savings than they did at Stage One and individuals' savings amount between the stages was uncorrelated. This means tertiary students either save less, spend more, or both

Nearly half the students at Stage Two were expecting higher total debt at the end of their course compared with their expectations a year earlier – thus they appear

less optimistic about debt at Stage Two compared with Stage One. Chapter Four found that school leavers' confidence of understanding tertiary student finances, costs and student loans was high, but the current findings here suggest that this might not be the case.

Students appear overly optimistic about not needing a student loan as less than half of all students predicted they would take one out in tertiary education, but nearly three quarters of the tertiary student sample had. Of the 73 per cent who were taking out a loan at Stage Two, 15 per cent changed their mind.

Most tertiary students had no real difficulty with managing their finances, but a small minority reported that they were suffering financial burdens. Those with more financial difficulties had greater debt at both Stage One and Stage Two. In addition, those not taking out a student loan were more likely to be struggling financially. There was no variation in respondent groups or with the debt attitude scales implying that savings, debt habits, student loan take-up and money management transcends gender and socio-economic groups. However, this is only the first year of tertiary education and differences may appear in later years of study.

CHAPTER TEN

LONGITUDINAL CHANGES, CORRELATIONS AND MULTIPLE REGRESSIONS

This chapter attempts to predict important Stage Two scores from a mixture of Stage One and Stage Two variables. Before conducting any of the regressions, tolerance values and bivariate correlation coefficients between the independent variables were examined to check for multicollinearity and no issues were found. To remind the reader, low scores on the attitude scales correspond to a stronger endorsement of the construct.

Attitudes to Tertiary Education Scale

Longitudinal changes

The mean of the tertiary students in the Stage Two sample on the Attitude to Tertiary Education scale was 2.00 ($SD = 0.58$). A paired-samples t-test of students at Stage Two did not find this to be significantly different to those given by that group at Stage One ($M=2.06$, $SD = 0.58$, $N=164$). Responses between Stage One and Stage Two were not significantly correlated ($r = .10$) implying that individual attitudes regarding tertiary education may not be reliable. Although there appears to be individual change amongst respondent scores, no significant variations were found when isolating the scores between different respondent characteristics.

Attitudes to Tertiary Education Scale (Stage Two)

A positive attitude to tertiary education was significantly correlated with father having attended university and greater savings at Stage Two. Those who were positive towards tertiary education were less avoidant of debt (Table 49). From the correlations, it appears that very little is significantly related to tertiary education attitudes.

Table 49: Pearson correlations with Attitude to Tertiary Education Scale (Stage Two students)

	N	Attitude to Tertiary Education Scale (Stage Two)
Female (vs. male)	161	-0.06
Elley-Irving Socio-Economic Index	161	0.03
State School (vs. Independent School)	161	0.12
School Decile	161	0.04
Father went to university	161	*0.17
Mother went to university	161	0.08
Financial support from parents	161	-0.05
Debt amount (Stage One)	161	0.00
Savings amount (Stage One)	161	0.04
Attitude Tertiary Education Scale (Stage One)	161	0.11
Debt Avoidance Scale (Stage One)	161	-0.01
Debt Necessary Scale (Stage One)	161	-0.01
Planning to take out Student Loan (Stage One)	159	-0.02
Student (vs. non Student @ Stage Two)	161	0.08
Debt amount (Stage Two)	161	0.02
Savings amount (Stage Two)	161	** -0.23
Taking out Student Loan (Stage Two)	161	0.09
Debt Avoidance Scale (Stage Two)	161	* -0.16
Debt Necessary Scale (Stage Two)	161	0.06
GPA at tertiary institution	104	-0.17

** Correlation is significant at the 0.01 level

* Correlation is significant at the 0.05 level

Multiple regression analysis was conducted to evaluate how well the Attitude to Tertiary Education scale at Stage Two could be predicted. The variables entered into the regression were the three significant correlates seen in Table 50. There was a significant linear relationship between the criterion variable and these three predictor variables, $F(2,179) = 7.87, p < .01$. About 1.2% of the variance for Attitudes to Tertiary Education at Stage Two can be accounted for (Table 50). However, this lack of variance accounted does not allow for any predictive value towards the scale. Chapter 4 did not find any significant predictors for the scale at Stage One.

Table 50: Multiple Regression Analysis Predicting Attitudes to Tertiary Education Scale (Stage Two)

	<i>b</i>	<i>SE b</i>	<i>β</i>
Constant	2.314	.216	
Savings Amount (Stage One)	-.099	.028	-.251**
Father went to university	.222	.081	.193**
Debt Avoidance Scale (Stage Two)	-.144	.064	-.159*

Note $R^2 = .012$

** Beta-weight is significant at the 0.01 level

* Beta-weight is significant at the 0.05 level

There is very little overall change over time regarding students' views of tertiary education. This is not surprising as those more positive of it were found to be more likely to enter tertiary education. Further results suggest that those who had a father at university and greater savings at Stage Two were more likely to be positive to tertiary education at Stage Two. The low correlation between the individuals' scores, however, shows that individuals' attitudes are quite variable between the stages. Isolating what / who were changing, however, was not revealed when isolating the scores between different respondent characteristics.

Debt Avoidant Scale

Longitudinal changes

Looking only at students who took part in both stages ($N=161$), a significant mean difference was found for the Debt Avoidant scale from Stage One ($M=2.21$, $SD=0.71$) to Stage Two ($M=2.42$, $SD=0.64$); ($t(183) = -3.282$, $p < .01$). Respondents became less avoidant of debt between Stage One and Stage Two. Post-hoc analysis found this difference was only significant for tertiary students ($N=161$) (Stage One: $M=2.25$, $SD=0.72$; Stage Two: $M=2.44$, $SD=0.63$) ($t(148) = -2.870$, $p < .01$); but not for non-students ($N=40$) (Stage One: $M=2.04$, $SD=0.65$; Stage Two: $M=2.09$, $SD=0.66$) ($t(34) = 1.589$, $p > .05$).

Debt Avoidant (Stage Two)

Table 51: Pearson correlations with Debt Avoidant Scale (Stage Two students)

	N	Debt Avoidance Scale (Stage Two)
Female (vs. male)	161	-0.07
Elley-Irving Socio-Economic Index	161	0.00
State School (vs. Independent School)	161	-0.02
School Decile	161	0.06
Father went to university	161	-0.03
Mother went to university	161	0.08
Financial support from parents	161	-0.05
Debt amount (Stage One)	161	0.01
Savings amount (Stage One)	161	0.00
Attitude Tertiary Education Scale (Stage One)	161	0.05
Debt Avoidance Scale (Stage One)	161	*0.17
Debt Necessary Scale (Stage One)	161	-0.08
Planning to take out Student Loan (Stage One)	155	-0.05
Student (vs. non Student @ Stage Two)	161	-0.06
Debt amount (Stage Two)	161	** -0.19
Savings amount (Stage Two)	161	-0.02
Taking out Student Loan (Stage Two)	161	0.04
Attitude Tertiary Education Scale (Stage Two)	161	* -0.16
Debt Necessary Scale (Stage Two)	161	-0.03
GPA at tertiary institution	104	-0.09

** Correlation is significant at the 0.01 level

* Correlation is significant at the 0.05 level

Debt Avoidance at Stage Two was positively correlated with Debt Avoidance at Stage One, so there is some persistence of attitude. Those who were more avoidant were also in more debt at Stage Two (Table 51). Multiple regression analysis was conducted to evaluate how well the Debt Avoidant Scale at Stage Two could be predicted by the three significant correlates seen in Table 51. There was a significant linear relationship between the criterion variable and the three predictors, $F(3,179) = 5.85, p < .01$. About 7% of the variance of the Debt Avoidant Scale at Stage Two was accounted for (Table 52) which is still somewhat low.

Table 52: Multiple Regression Analysis Predicting Debt Avoidance Scale (Stage Two)

	<i>b</i>	<i>SE b</i>	<i>β</i>
Constant	2.561	.230	
Debt Avoidance Scale (Stage One)	.155	.066	.167*
Debt Amount (Stage Two)	-.083	.031	-.192**
Attitude Tertiary Education Scale (Stage Two)	-.171	.079	-.155*

Note $R^2 = .074$

** Beta-weight is significant at the 0.01 level

* Beta-weight is significant at the 0.05 level

Debt Necessary Scale

Longitudinal changes

Looking at only those students who took part in both stages ($N = 161$), a Paired-Samples t-test did not find any significant differences between the scores on the Debt Necessary scale at Stage One ($M = 3.41$, $SD = 0.56$) and Stage Two ($M = 3.42$, $SD = 0.62$).

Debt Necessary (Stage Two)

Debt Necessary at Stage Two was positively correlated with Debt Necessary at Stage One. It was also negatively correlated with Debt Avoidant at Stage One. Males were more likely to agree that debt was necessary at Stage Two compared with females. Those who had more debt at Stage Two were also more likely to find Debt Necessary (Table 53).

The four significant correlates in Table 53 were added as predictor variables to a multiple regression to evaluate how well the Debt Necessary Scale at Stage Two could be predicted. An overall significant linear relationship between the criterion variable and the predictor variables Debt Amount (Stage Two) and the Debt Avoidance scale (Stage One), $F(2,180) = 7.61$, $p < .01$. About 8% of the variance in Debt Necessary at Stage Two was accounted for (Table 54). As with previous multiple regressions, the variance explained is low.

Table 53: Pearson correlations with Debt Necessary Scale (Stage Two students)

	N	Debt Necessary Scale (Stage Two)
Female (vs. male)	161	*0.14
Elley-Irving Socio-Economic Index	161	0.12
State School (vs. Independent School)	161	-0.04
School Decile	161	0.01
Father went to university	161	0.04
Mother went to university	161	0.15
Financial support from parents	161	0.11
Debt amount (Stage One)	161	0.10
Savings amount (Stage One)	161	-0.03
Attitude Tertiary Education Scale (Stage One)	161	0.05
Debt Avoidance Scale (Stage One)	161	*-0.16
Debt Necessary Scale (Stage One)	161	*0.18
Planning to take out Student Loan (Stage One)	155	-0.05
Student (vs. non Student @ Stage Two)	161	-0.06
Debt amount (Stage Two)	161	** -0.23
Savings amount (Stage Two)	161	0.00
Taking out Student Loan (Stage Two)	161	0.00
Attitude Tertiary Education Scale (Stage Two)	161	0.06
Debt Avoidance Scale (Stage Two)	161	-0.03
GPA at tertiary institution	104	0.07

** Correlation is significant at the 0.01 level

* Correlation is significant at the 0.05 level

Table 54: Multiple Regression Analysis Predicting Debt Necessary Scale (Stage Two)

	<i>B</i>	<i>SE b</i>	<i>β</i>
Constant	3.928	.165	
Gender	.140	.103	.100
Debt Amount (Stage Two)	-.096	.030	-.225**
Debt Avoidance Scale (Stage One)	-.147	.065	-.132*
Debt Necessary Scale (Stage One)	.137	.082	.123

Note $R^2 = .078$

** Beta-weight is significant at the 0.01 level

* Beta-weight is significant at the 0.05 level

Tertiary GPA

Tertiary GPA was uncorrelated with any respondent characteristic other than savings amount at Stage One (Table 55). Those who had greater savings at secondary school were more likely to achieve higher GPAs in their first year of tertiary study.

Table 55: Pearson correlations with Tertiary GPA (Stage Two students with GPA data)

	N	Tertiary GPA
Female (vs. male)	104	0.03
Elley-Irving Socio-Economic Index	104	-0.14
State School (vs. Independent School)	104	-0.02
School Decile	104	0.10
Father went to university	104	0.08
Mother went to university	104	0.02
Financial support from parents	104	0.16
Debt amount (Stage One)	104	-0.18
Savings amount (Stage One)	104	0.24*
	104	
Attitude Tertiary Education Scale (Stage One)	104	-0.21
Debt Avoidance Scale (Stage One)	104	0.13
Debt Necessary Scale (Stage One)	104	-0.02
Planning to take out Student Loan (Stage One)	104	-0.08
	104	
Debt amount (Stage Two)	104	0.07
Savings amount (Stage Two)	104	0.06
Taking out Student Loan (Stage Two)	104	-0.08
Attitude Tertiary Education Scale (Stage Two)	104	0.02
Debt Avoidance Scale (Stage Two)	104	-0.02
Debt Necessary Scale (Stage Two)	104	0.07

** Correlation is significant at the 0.01 level

* Correlation is significant at the 0.05 level

Conclusions

The results indicate some important predictors of tertiary and debt attitudes. However, generally the regression equations only account for a small amount of variance. Thus, although the present results found significance of many variables in predicting students' attitudes, the contribution of these variables in actual predictive value is low.

CHAPTER ELEVEN

TERM-TIME WORK

The extent of paid work

This chapter looks at the extent to which undergraduate students undertake paid work (excluding work placements as part of the academic programme), and the pattern of employment for those that work. It also identified the factors that influence the propensity to engage in term-time work; the reasons why the students surveyed did or did not engage in term-time work; and whether different groups of students had different reasons for working or not working. Finally, those students who undertook term-time work were asked to respond to a series of statements about the positive and negative aspects of term-time work.

Paid work over the academic year

Tertiary students participating in this study at Stage Two ($N = 161$) were asked to specify their working behaviour during their first academic year (2007). Their responses were used to identify the proportion of students who: never engaged in paid work; worked during vacations only; worked during term-time only; or worked during term-time and vacations.

Overall patterns of work in 2007

As can be seen in Table 56, just over a quarter of the students did not undertake any paid work and eleven per cent only worked during vacations periods. This left sixty-one per cent of the sample who worked either in term-time or in both vacation and term-time. Thus, a large number of students appear to work during the

academic year. No differences in respondent characteristics (gender, socio-economic class, etc) were found between those who had worked and those who had not worked.

Table 56: Patterns of paid work ($N=161$)

Work patterns 2007	% students
Not at all	28
Vacations only	12
Term-time only	8
Both vacations and term time	53

PAID WORK DURING TERM-TIME AND ATTITUDES TO DEBT

Attitudes to term-time work

Students were asked to specify how important (from not at all to very important) a range of predetermined factors were in their decision not to work or to work during term-time.

Reasons for not working during term-time

Around 40 per cent of all students in the survey did not work during term-time. As Table 57 shows, the reasons for not working rated as important by the vast majority of students were academic ones. Ninety-three per cent of students who did not work during term-time said that they wanted to concentrate on their studies and eighty-one per cent felt that their academic work would suffer if they had a term-time job.

Table 57: Reasons why students did not work during term-time ($N=40$)

Statement	Very important/ important %	Not very important/ not at all important %	Not applicable %
I want to concentrate on my studies	93	2	5
My academic work would suffer if I had a term-time job	81	14	5
I cannot cope with juggling my studies, work and family commitments	64	27	8
I prefer to do other things with my time	54	37	8
I am under a lot of pressure from my family to do well	53	36	12
I prefer to take out a student loan than work during term-time	52	31	17
I can manage financially on my student loan	42	42	15
I do not need to work because my family gives me all the money I need	36	29	36
I do not need the money because I can rely on my savings	31	53	17
I have been unable to find a job/suitable job	21	53	26
I have done/am currently doing a work placement as part of my studies	3	22	74

Sixty-four per cent of the non-working students indicated that the reason they did not work was that they could not juggle their studies, work and family responsibilities. Taking out a student loan was the preferred means of obtaining money to live on for the majority of students. Fifty-two per cent said they preferred to take out a loan rather than work. Only just over one-third of students said they did not need to work because their family gave them all the money they needed or they could manage with their student loan. However, a small proportion of students were not engaged in term-time work because they were unable to find a suitable job.

Reasons for working during term-time

The key reasons for working during term-time, mentioned by the majority of students who worked during term-time, were: to obtain money for basic needs, the experienced gained in working for somebody and to acquire additional money as they could not manage on their student loan (Table 58).

Table 58: Reasons why students work during term-time ($N=61$)

Statement	Very important/ important %	Not very important/ not at all important %	Not applicable %
I need the money for basic necessities	75	19	5
I want the experience	60	35	5
I can't manage just on my student loan	54	19	27
My family encouraged me to take a job	49	38	14
I want to reduce the amount I borrow from StudyLink	45	32	24
I have no choice, my family cannot help my financially	37	36	26
I wanted to buy a particular item	36	55	9
I thought the work would help me get a job when I graduate	36	50	14
To avoid taking out a student loan	28	43	29

Seventy-five per cent of the term-time working students indicated that an important reason for doing this was that they needed money for essentials. Fifty-four per cent also stated that they could not manage just on their student loan. Sixty per cent also felt that term-time working gave them important experience.

Twenty-eight per cent of students indicated that they worked to avoid taking out a student loan. The figure increased to 47 per cent among those term-time working students who did not in fact take out a student loan (as against 19 per cent of those that had). This finding indicated that there is a group of students who are seemingly very debt averse. They are students who need money to attend university

and obtain it by working during term-time. However, no significant difference was found between the groups on either the Debt Avoidant or the Debt Necessary scales. There was no variation between those who worked / did not work on the scales at Stage One or Stage Two.

The evidence also shows that the amount of money available from student loans was inadequate to support some groups of students. However, loans were problematic for other reasons. They resulted in levels of debt that were worrying to some and so those students sought to reduce their borrowings by increasing their income through term-time work. Just under half of term-time working students (45 per cent) reported that an important reason they worked was to reduce the amount of loan they borrowed from StudyLink.

Attitudes to term-time work and study

Students were asked to indicate the extent to which they agreed with a number of statements about their term-time job. The statements and percentage responses can be seen in Table 59. Forty-one per cent of students said that working and studying made them feel constantly overloaded. Almost one-third reported difficulty juggling the demands of their course and work. Thirteen per cent of students felt that term-time work had negatively affected their tertiary experience. Term-time work rarely aids students' academic performance. Only a few agreed that it gave them an opportunity to apply their academic knowledge and skills, said it was related to their studies or said it gave them access to resources that they could use for their studies.

Table 59: Extent of agreement with statements about term-time work (N=61)

Statement	Agree %	Disagree %	Neither Agree nor Disagree %
My job helps me develop useful skills	64	18	17
My institution actually makes it possible to combine term-time work and study	47	15	38
My job helps me use my time better	42	23	35
I feel constantly overloaded because of my job and the demands of my academic work	41	35	24
Overall, my job has positively affected my time at my course	29	17	54
I find it difficult to juggle the demands of my job and the demands of my course	29	38	34
My job gives me opportunities to apply knowledge and skills from my studies	23	59	18
Overall, my job has negatively affected my time at my course	13	53	35
My job is related to my studies	11	76	13
My job gives me opportunities to access resources that I can use for my studies	8	61	31

THE IMPACT OF TERM-TIME WORK ON ACADEMIC STUDIES

The impact of term-time work on the quality of students' assignments

Of those students who worked during term-time, thirty-four per cent felt they produced poorer quality assignments and 13 per cent reported occasionally or often missing deadlines (Table 60). Table 60 also shows that almost one-third of students with term-time jobs skipped lectures because of the demands of their jobs. A quarter (26 per cent) missed them occasionally and three per cent missed them frequently. Students were similarly likely to miss seminars and tutorials or other classes because

of their term-time employment: twenty-four per cent missed them occasionally and five per cent frequently.

Table 60: Frequency that term-time work affected academic studies ($N=61$)

	Frequency		
	Frequently %	Occasionally %	Never %
Missed lectures	3	26	71
Missed seminars/ tutorials/ classes	5	24	72
Missed deadlines for assignments and course work	2	11	87
Had difficulty accessing the institution's computing facilities	4	25	71
Produced poor quality assignments	6	28	66

These results suggest that students could end up with gaps in their knowledge by skipping lectures, unless they found other ways of picking up this information. In addition, by missing seminars and other classes they might miss opportunities to test out, consolidate and share their knowledge and ideas, or to debate different approaches to issues being studied. They also may have passed up chances to talk over ideas, other their work, with academic staff on a one-to-one basis.

The impact of term-time work on students' use of their time

Students frequently had to juggle the demands of their academic studies with the demands of their paid work, sometimes at the expense of their academic work. Often this required making decisions over their priorities and find judgements about how they should best use their time.

Working students were asked in more depth about the extent to which their term-time jobs affected the amount of time they devoted to a range of academic and social activities. The findings, shown in Table 61 highlight how these pressures permeated all aspects of students' lives, not just their academic studies. In nearly all of the activities listed at least half of all students with term-time jobs reported that their jobs meant that they spent less time on these activities than they would have done otherwise.

Table 61: Extent to which term-time work affects the time students spend elsewhere ($N=61$)

Activity	Extent to which term-time work affected time spent on activity		
	A lot %	A little %	Not at all %
Socialising and relaxing	32	48	20
Sleeping	28	48	25
Reading	23	46	31
Revising for my exams	22	39	40
Studying independently	21	52	27
Leisure and sports	20	48	32
Seeing my family	17	36	45
Preparing and writing assignments and coursework	17	49	34
Using my institution's library and learning resources	8	35	58
Using my institution's computer facilities	5	31	64

Term-time work encroached on many aspects of students' learning and studying. For instance, 61 per cent of working students considered that they spent less time on revising for their examinations, only 22 per cent of them spent a lot less time revising (Table 61). Additionally, 73 per cent of students spend less time studying independently and 69 per cent spent less time reading because of their term-time work. Clearly, term-time work intruded on students' private study. In turn, this may have had repercussions for their acquisition and consolidation of discipline-based knowledge and the development of academic skills.

Term-time work also reduced the amount of time students reported that they had had to prepare and write their assignments and coursework (Table 61). In turn, this may have had consequences for the marks students received for their assignment and thus their academic performance. Term-time work not only affected students' academic studies. Students in term-time work also considered that they had had less time to spend socialising, relaxing, and sleeping. Students also had less time for leisure activities and seeing their families.

THE IMPACT OF TERM-TIME WORK ON ACHIEVEMENT

All students who had worked during term-time were asked whether they thought their term-time employment affected the marks they obtained in both their coursework and their examinations in 2007. Table 62 shows that many students believed their term-time employment had had a negative impact. Almost half of the working students felt that their coursework marks were lower because of working during term-time, and 47 per cent also thought their exam results were lower.

Table 62: Students' perception of impact of term-time working on coursework and exam results ($N=61$)

	Significantly lower marks %	Slightly lower marks %	No impact %	Slightly higher marks %	Signific- antly higher marks %
Coursework	35	23	35	5	2
Exam results	32	15	41	5	7

Effects of work on actual GPA

Table 63: Means and standard deviation of GPA by students' work habits ($N=104$)

	N	Mean	SD
Not worked at all	29	5.85	1.93
Worked vacations only	19	4.68	1.74
Worked term-time only	21	3.27	1.7
Worked both vacations and term time	35	4.31	2.51

The remaining analyses were conducted on all those students who consented to the release of their academic grades ($N=104$). The means and standard deviations of the respective groups' GPA can be found in Table 63. A significant ANOVA illustrates that the GPA attained was influenced by the students' working habits ($F(3,103) = 5.044$, $p < .01$). Post-hoc analysis using Fisher's PLSD revealed a significant difference between those students who did not work at all and those who worked during term-time. A significant difference was also found between those who did not work and those who worked during both vacations and term-time. When looking at students' GPA, those who did not work had significantly higher GPAs than

those who worked during term-time. Those who never worked had a mean GPA of around a B+, while those who worked during term-time had a mean GPA of around a C+. While the sample size is small, this difference in comparative GPAs are quite substantial, and might well have real affects on future employment possibilities.

Conclusions

The present study found that 61 per cent of the students taking part in the Stage Two survey worked during term-time. Only 11 percent did not work at all. No significant differences were found between working and non-working students on the Debt scales, between other respondent characteristics or whether or not the student had chosen to take out a student loan or not. This does not support the findings of Callender (2008) who found effects of socio-economic class, and ethnicity.

Of the students who did not work, the main reason was so they could concentrate on their studies and because they felt their academic work would suffer if they engaged in term-time work. These findings were consistent with that of van Dyke and Little (2002).

Those that worked during term-time justified in because of financial necessity. They engaged in term-time work to obtain money for basic needs, lack of financial support from family, and that the student loan not adequate to fully cover their expenses. Yet, half of the term-time working students did so to reduce their overall loan balance, and a quarter of them worked to avoid taking out a student loan altogether.

It is evident from the findings that term-time work has multiple effects on students' academic studies. Term-time work reduced the amount of time allocated to a number of different activities that all students are expected to engage as part of their studies. Many students who work during term-time believe that term-time employment has an adverse impact on their academic performance. Term-time work was found to adversely affect students' GPA of their academic studies. Those who did not work had significantly higher GPAs than those who worked during term-time. Although causality cannot be directly inferred, the strong association found from the analyses suggest strongly that term-time working is at least part of the reason that students who worked during term-time tended to get markedly poorer results than comparable students who had not worked during term-time. These findings support those of Callender (2008). Chapter Ten found GPA and Savings (Stage One) to be positively correlated. Thus, those with greater savings at secondary school were more likely to achieve higher GPAs in tertiary study. Evidence, perhaps, that saving for tertiary education so one does not have to work in-term may increase average tertiary GPA.

CHAPTER TWELVE

GENERAL DISCUSSION

Attitudes to tertiary education and entry decisions

The current research found secondary school students' intentions were highly focused on tertiary study. Generally, school leaver respondents were positive regarding tertiary education and felt it was an important avenue of self-development. Finances are a key feature in their decision to enter or not. Of the present sample, eighty per cent of all students were intent on entering tertiary education. This reflects a combination of individual expectations and the societal norms currently in this country. Seventy-three per cent of the students in the Stage Two sample were choosing to follow an academic university path; this compared to thirteen per cent of the sample indicating a preference for polytechnic or another tertiary institution. This finding may be because the sample was somewhat unintentionally biased to higher-Decile schools. However this major bias seems unlikely as Kemp et al (2006) found a similar proportion of entrants from a large longitudinal birth cohort of New Zealanders.

School leavers identified a wide range of reasons as important in their decision to enter tertiary education. Their reasons for entering were a mixture of instrumental reasons associated with their desire to improve their labour market prospects, academic and intellectual reasons, or personal development. Almost all school leavers believed tertiary education would help them secure a better job. The pull of the labour market and earning a wage were also important factors for those who were choosing not to enter tertiary education. Consistent with the findings of Connor et al (2001), some did not feel prepared or qualified to study at tertiary level and some did not want

to take on any sort of debt to do so. Fear of failure and lack of self-esteem appear to be other factors in their decision. Those less likely to enter tertiary education were male with no family history of university, of Maori or Pacific Island origin, and of lower socio-economic class.

Prospective entrants were more positive towards tertiary education than non-entrants. Those intending on taking out a loan were also more positive. Those who had decided against entering tertiary education were far more likely to think that tertiary education and the student lifestyle was not for them. However, the rejection of tertiary education may be based on ignorance (although, of course, so could acceptance). A high proportion of respondents reported that they did not know what tertiary institutions were like. Non-entrants were also less likely to believe that one of the main advantages of tertiary education was personal development. These findings are in line with the previous work of Raey et al (2005) who suggested that the way individuals frame and make their educational choices is influenced by their values.

Supporting the findings of van Dyke and Little (2002), females were more positive towards tertiary education than men and there was considerable variation amongst Stage One respondent groups on the Attitude to Tertiary Education Scale. It may be that girls now receive more encouragement than boys to become educated. Unsurprisingly, those who had applied or intended to apply were significantly more positive of tertiary education than those who had decided not to go. Also supporting van Dyke and Little (2002), those from the higher socio-economic classes and the middle classes were significantly more positive towards tertiary education compared with the lower socio-economic classes. Prospective students who had family

members at university were more positive towards tertiary education than those whose family had not been to university.

There was very little change over time regarding the average students' views of tertiary education, but individual views did change. This is not surprising as those more positive were found to be more likely to enter tertiary education. Those who had a father at university and greater savings at secondary school were more likely to be positive towards tertiary education whilst there. However, different analyses did not reveal which, if any, respondent groups had individual change in attitudes. Multiple regression analysis found family attendance at university, perceived financial support from parents and greater savings to be predictive of tertiary education attitudes, the variance accounted for was low.

Attitudes towards debt

Davies and Lea (1995) were the first researchers to consider the impact of borrowing on students' attitudes towards credit and debt. Many researchers have utilised their scale in subsequent years, not only within undergraduate populations but also to consider the views of prospective students (Lea, Webley & Bellamy, 2001).

The results of the present study provide further support for Lea, Webley & Bellamy's (2001) finding that prospective students are relatively avoidant or intolerant of debt. However, apparently inconsistently, the majority of respondents also took a very pragmatic approach to debt, with most respondents agreeing that debt is necessary in western society.

Davies and Lea's (1995) Attitude to Debt scale was developed as a measure for UK undergraduate students and in subsequent studies using different samples (e.g. Boddington & Kemp, 1999) the scale was found to be less reliable. In the present studies this trend continued. Reliability was rather low and there was no compelling evidence that the scale contained only one factor.

Exploratory Factor analysis found an alternative two-factor structure of debt attitudes in two independent samples: one of secondary school students and one of tertiary students. Confirmatory factor analysis was used to test these alternative models of debt attitudes on a third sample of tertiary students. The model proposed by Davies and Lea (1995) which assumes all items tap a single unidimensional construct was rejected in favour of a new model in which the attitude components load on to two uncorrelated constructs. I labelled these constructs Debt Avoidance and Debt Necessary. The Debt Avoidance scale measures an individual's propensity to avoid debt in their life. The Debt Necessary scale measures an individual's view of debt as a necessity to achieve desired outcomes such as tertiary education or acquiring consumer items.

Previous findings (Davies & Lea, 1995; Scott & Lewis, 2001; Scott et al, 2001) found that the process of accumulating debt was directly related to one's tolerance of debt. As students' debt levels increased so, too, did their tolerance of debt. At the same time, students with debt were more tolerant of debt than those without. In the present studies, tolerance of debt followed its acquisition as Debt Avoidance was found to change over time. Respondents become less avoidant of debt between their last year of secondary school and first year of tertiary education – and debt accumulated in this time. This supports Davies and Lea's (1995) inference that

debt accumulation precedes increased tolerance, indicating the possibility of increased debt dependency for those who are already in debt (Davies & Lea, 1995; Scott & Lewis, 2001).

The finding is consistent with Cognitive Dissonance Theory (Festinger, 1957). Cognitive dissonance appears when individuals are experiencing conflicting attitudes, beliefs, or perceptions relating to their behaviour (Festinger, 1957). Students are likely to experience more conflicting attitudes towards debt when they start having to acquire debt themselves, which consequently leads to the adjustment of their beliefs, perceptions, and attitudes towards debt.

There appears to be little change over time of mean students' scores on the Debt Necessary scale, and results from Stage One and Stage Two were correlated with each other. This suggests students' views regarding debt necessity do not change while attitude to avoiding it does. Students become more or less avoidant of debt depending on their circumstances.

Boddington and Kemp (1999) found a significant positive correlation between attitude to debt and the amount of debt people actually had, indicating that higher debt levels were accompanied by a greater tolerance of debt. In the present study, tertiary students' total debt was correlated with the Debt Necessary scale. Those with more debt were found to be more likely to agree that debt was necessary.

In common with previous work (e.g. Davies & Lea, 1995, Boddington & Kemp, 1999, Seaward & Kemp, 2000), females were more avoidant of debt than males. This may be explained via the Life-Cycle hypothesis (Modigliani & Brumberg,

1954; Johnes, 1994), as males expect to obtain higher lifetime earnings than females. Regression analysis with the present results also found lower decile state schools, no savings and no plans to take out a student loan to be predictive of Debt Avoidance. Similarly, higher decile and independent school students, those in more debt and those planning on taking out a student loan were found to be predictive of debt necessary.

Socio-economic class

There is a consensus in the overseas literature that prospective students from lower socio-economic backgrounds are more likely than those from better-off families to report they are deterred by the costs of tertiary education (Woodrow, 1998, 1999; Connor et al, 2001; Knowles, 2000; Forsyth and Furlong, 2000; Callender & Jackson, 2005). Callender and Jackson (2006) conducted a UK study to examine the relationship between prospective tertiary students' attitudes to debt, and their decisions about whether or not to enter tertiary education. They found that students from lower socio-economic classes were more debt averse than those from other social classes, and were far more likely to be deterred from going to university because of their fear of debt, even after controlling for a wide range of other factors. Their overall conclusion was that attitude to debt was a class issue. Conversely, Kemp et al's (2006) analysis of data from New Zealand's Christchurch Health and Development study - a sample of 1265 Christchurch children - found that the vast majority of the sample had taken at least one tertiary course by age 25 and approximately half had at some time taken out a student loan as part of the tertiary education process. Thus, neither participating in tertiary education nor taking out a loan to do it could reasonably be considered as elite activities for this sample or, by extension, for young New Zealanders generally.

The present results indicate that the socio-economic barriers prevalent in other countries do seem to deter tertiary entry in New Zealand. Inconsistent with the findings of Kemp et al (2006), those from the lower socio-economic classes were less likely to enter tertiary education (nine per cent) compared with the higher (forty-eight per cent) and middle classes (twenty-one per cent). Consistent with van Dyke and Little's (2002) UK study, those from the higher socio-economic classes and the middle classes were significantly more positive towards tertiary education compared with the lower social classes. In addition, those who identified themselves as Maori or Pacific Islander were less likely to enter tertiary education.

Socio-economic class does not appear to be related to debt attitudes. Thus, debt may not be the 'barrier' to tertiary education in New Zealand proposed by van Dyke and Little (2002). If social class is predominantly income-based – and high income is not necessary to acquire a tertiary education in New Zealand due to the all-inclusive student loan system – then social class should not be an important variable regarding university entry. Indeed, this is consistent with the finding of the present study that eighty per cent of all school leaver respondents indicated intent to enter tertiary education. The United Kingdom findings that those from the lower social classes might be deterred from tertiary education because they fear to incur debt may not extend to the New Zealand experience. An alternative explanation is that those from the lower socio-economic classes have less favourable attitudes towards tertiary education and this is more important in their decision not to enter than debt. In support of this, debt and savings behaviour was not found to be related to socio-economic class in the present study. However, multiple regression did not find socio-economic class to be a significant predictor of tertiary education attitudes.

Optimism bias

The present research found some support for the hypothesis that students would be overly optimistic regarding tertiary students' debt and income levels compared with actual figures. School leavers underestimated the average students' expenditure and were not good at estimating the average students' income. Current tertiary students predicted lower individual loan balances at the end of their course of study than that of the average student. This is consistent with the findings of Seaward and Kemp (2000) that students are optimistic regarding their finances compared with actual figures. The present study did not address whether students' expectations of tertiary education were unrealistic or what the benefits might be, however most individuals did appear to lower their estimates at Stage Two compared with their estimate at Stage One suggesting that optimism is reduced between secondary school and actually embarking in tertiary study. However, this needs further exploration.

Decisions to borrow

Secondary school students leave school relatively debt free. It was believed that their decisions whether to borrow once out of school were unlikely to be exclusively driven by financial need or perceptions of financial advantage. Stage One school leavers who intended to take out a student loan were found to be more positive towards tertiary education. The present research found around a third of all students strongly agreed that taking out a loan allows you to enjoy life and that you should take out a loan because it is a cheap way of getting access to money. However, only ten per cent agreed that one should take out a loan whether you need to or not.

Students appear overly optimistic about not needing a student loan. Less than half of all students at Stage One predicted they would take one out in tertiary

education, but nearly three quarters of the Stage Two tertiary student sample had – eleven per cent of individuals changed their minds and took out loans even though they did not intend to at secondary school. There was a marked increase in individuals' debt between secondary school and tertiary study. Students took on more debt whilst in tertiary education than they had in their final year of secondary school. Moreover, savings decreased. Tertiary students save less, spend more, or both. Most tertiary students reported no real difficulty with managing their finances, but a small minority believed that they were suffering financial burdens. There was no gender or socio-economic variation between respondent groups which implies that savings, debt habits, student loan take-up and money management transcend gender and socio-economic groups.

It seems the majority of students take out a student loan because they would be unable to afford to study without it. No gender or socio-economic variation was found regarding student loan take-up. It was hypothesised that many students borrow to maintain a certain lifestyle rather than out of actual need. It was also expected that some students are taking advantage of the interest-free nature of student loans and investing the loan to gain interest. No support for these hypotheses were found in the present studies, which suggest that students are not borrowing unless there is a genuine need. The extent to which students go into debt purely to finance a particular lifestyle or consumption goods still needs further research. There also may be a bias in not admitting behaviours in the questionnaire such as 'taking out a student loan for investment purposes.'

It's unfortunate that the Stage Two questionnaire did not establish whether students were living independently during term time or at home. Differences of habit

and culture in this regard probably play quite a role in the striking national differences across international findings in student debt behaviour. There is a relevant question in the Stage Two questionnaire, but unfortunately it is not clear how a student who was in a university residence or flat during term but living with parents in vacations would answer - probably in terms of what they see as their main residence, which is a subjective matter and one that can change during the course of a student's time at university. Lewis, Dickson-Swift, Talbot and Snow (2007) in a recent paper found a strong relationship between type of residence and financial well-being. Future researchers should note the importance of place of residence for student financial welfare.

Those taking out a loan were more likely to agree that debt is necessary on the attitude scales at both Stage One and Stage Two. However, those taking out a loan were also found to be Debt Avoidant at Stage One, but not at Stage Two. Coupled with the finding that the proportion who had intent to take out a student loan was lower in the Stage One sample than those who actually took out a loan at Stage Two, students may be taking out a loan regardless of their fear because it is the 'normal [or necessary] thing to do.'

Only half of the school leavers felt it was easy to access information on financial support for tertiary students while a similar proportion reported that they found it easy to establish what the true costs of a tertiary education were. Complaints of lacking information accessibility were matched with reports of low understanding of the costs of tuition fees. Less than fifty per cent of school leavers believed they were well informed about the costs of tuition fees, student loans and the overall costs of attending tertiary education. These proportions did not change when isolating

entrants from non-entrants. The finding implies students are not aware or fully informed about the real costs of taking out a student loan and the relative options available to them. It appears that more than half the students who intended to enter tertiary education were doing so without full knowledge of tertiary student finances. Future research might address which schools provide good information and which are not, although it does not necessarily have to be the schools that provide this information.

Term-time working and academic performance

The present study indicates that students in New Zealand who work during term-time do much less well academically than their non-working peers. Most of the students working reported doing it so that they did not have to take out a loan, or to keep their loan balances at a minimum. Thus, it appears that many students who work for long hours are trading ‘marks for money’ and students who need to spend more time in academic studies, because they have lower academic ability, may actually spend less time because they work longer hours.

Many working students themselves had noticed that their studies suffered as a result of their employment. Examples given included producing poor assignments, missing lectures and having difficulty accessing libraries and course resources. There were no apparent differences between the backgrounds, gender, and socio-economic class of those students who worked in-term and those who did not. Students who worked claimed it was because they needed the money for basic essentials, they could not manage on just their student loan, and to reduce the size of their student loan. However, term-time working (or working at all for that matter) was not related to the

debt attitude scales or student loan take-up. In addition, no variation was found regarding socio-economic groups.

Those that did not work wanted to concentrate purely on their studies and felt they could not cope juggling all their commitments and would rather take out a student loan. For the present sample of tertiary students, high fees and incurring a substantial debt while studying made it necessary for many of them to work during term-time to supplement their income or to keep their loans from growing. In addition, for many such work seemed to engender some worry about their ability to do their best on their academic work, and their ability to engage satisfactorily in other aspects of their lives: social, sporting, and recreational / leisure pursuits.

Thus, support was found for the hypothesis that students who are partaking in term-time working do so to limit their student debt. However, it seems odd that they do not come out different on either of the attitude scales. The results supported the expectation that term-time working affects students' tertiary grades and attendance, and that term-time employment can leave less time for leisure activities, seeing families, and sleeping. The present findings also support the results of previous research finding term-time working to be related to detrimental effects on students' grades, time spent studying, and other important activities (Lindsay & Paton-Saltzberg, 1996; Ford et al, 1998; McInnis, 2001; van Dyke & Little, 2002; Callender, 2008). Given that they work, it is important for students to establish how many hours of work per week they can successfully manage. More research needs to be taken to distinguish the point where term-time working becomes detrimental to their studies, and at which point, if any, it is neutral or positive.

Relation to economic theory

Contrary to the assumptions of economic theory, students may not all be economically competent and tertiary education may provide an abrupt lesson in economic socialisation. As Webley, Burgoyne, Lea, and Young (2001) pointed out, although students continue to be, for the most part, largely financially dependent on their parents and the state, they experience a much greater and more sudden independence with respect to the managing of their financial budget than those who do not go on to tertiary education.

As we have seen, students have complex attitudes relating to debt and student loans. However, there is little or no relationship between students' attitudes and their behaviour. For example, the majority of students reported debt negatively and thought it should be avoided; yet most tertiary students at Stage Two were taking out a loan – some were even changing their minds between Stage One and Stage Two and taking one out. Perhaps, given the choice to enter tertiary education, the behaviour of taking out a student loan is largely forced on many.

Overall, the empirical studies presented in this thesis offer more support for the Behavioural Life-cycle Hypothesis (BLCH) than the LCH. According to the life-cycle models (e.g. Modigliani & Brumberg, 1954), a prospective student would calculate his or her lifetime income and fluctuating expenditure over time, and then behave rationally. Furthermore, student loans would be viewed as an investment in their 'human capital' resulting in above-average salaries in the future. The present research suggests that it is rare for students to view their student loan very positively, and, contrary to the assumptions of the LCH (which does not allow for emotional

assumptions), owing money is far from an emotionally neutral experience. Consequently, although the LCH may fit the 'objective' facts in terms of the size of loans, how quickly they are repaid, financial differences between male and female students, and the wealth of students' families; it does not account for the 'subjective' experiences and other complex happenings of students. In contrast to the LCH, the BLCH (Shefrin & Thaler, 1998) accepts that there is a rational 'organiser' in us all, but that there is also a more impulsive 'doer', who is rather short-sighted, wanting to live now, not later (Scott, 2004).

There may be a possible response bias in the questionnaire. Although the questionnaire design of the present study provides insightful information regarding students' borrowing patterns, it offers little explanation of the cognitive processes students go through when they decide to borrow or whether they are answering truthfully. Hesketh (1999) argued that questionnaires have a suggestive nature which imposes an economic reductionism perspective on interpreting the results. The present results do not provide evidence explaining how students arrived at their decisions on whether to borrow or not. Students may have had very different reasons for borrowing, and these different reasons may have had different impact on their attitude, decision, motivation, and performance. Further research on why students are borrowing during their studies and how they came to these decisions might provide a more in-depth and evaluative analysis of students' borrowing behaviour. As already mentioned, students not needing to take out a loan but doing so for investment purposes may not have wanted to confess this, even though the questionnaire was anonymous.

This research has not considered the phenomenon of students moving away from home to study. Students who live with their parents will incur less debt than those who have moved out and this implication is important. An obvious way for students to reduce debt is to go to a local tertiary institution, which in New Zealand has been normal practice (as found in Kemp et al, 2006), although students wishing to study some specialist courses must still travel. In the United Kingdom and the United States, however, students often go away to university. Future research should consider where students in New Zealand are choosing to study, and their motivation behind this. In addition, a US study found only very small effects of deferred entry into more expensive courses because of the cost (Fox, 1992). The duration of full-time study and the choice of more expensive courses (e.g. Dentistry) should also be examined in a New Zealand sample.

Evidence for the Debt Necessary and Debt Avoidance constructs can be found in the general debt literature. Livingston and Lunt (1992) proposed that a range of attitudinal variables are important in understanding differences between debtors and non-debtors. There are those who endorse attitudes that see credit as useful, convenient and part of modern life and do not avoid debt, but rather accept it as a means of satisfying needs and wants. On the other hand, there were also those who see credit or debt as shameful, to be avoided and a source of problems. The latter also believed that one should save up in order to ultimately satisfy needs and wants, and hence are people who build up their savings and their resources. Thus, the same disposable income may be used for either saving or for borrowing and repaying, resulting in goods being obtained in the present or future as a result of different attitudes toward debt (Livingston & Lunt, 1992). However, those who owed more did not show a simple endorsement of the pro-credit view over the anti-debt view, as was

found in discriminating debtors from non-debtors. Rather, those who owed more often recognised the complications and problems which credit may bring, but still felt that credit is necessary, as it is better to have possessions one wants or needs now than to save up for them (Livingston & Lunt, 1992). This is consistent with the present findings. An economist may take this finding to support the view that preferences disappeared once viewed in monetary terms, but Fishbein and Ajzen's (1975) Theory of Reasoned Action can also explain this disparity between attitudes and behaviour. Students have little or no control over their finances if they want to study at tertiary level – if they do not have the money, they must borrow it, so their perceived control is low. Once in debt, people recognise the problems with credit, yet those who get further into debt still prioritise its advantages, illustrating the complexity of the relationship between attitudes and behaviour (Ajzen and Fishbein, 1980).

Students appear to be viewing student debt as an 'investment' rewarded by higher incomes in the future. It would be interesting to establish whether these Debt Avoidance and Debt Necessary factors are present outside of the student population and in business. Is this what Livingston and Lunt (1992) were tapping in the general population? When comparing to other types of investment such as setting up a small business, it is possible that the business owner views debt as bad and to be avoided (Debt Avoidance), but also considers it an investment offset by the future earning potential and possible returns for the business from that initial debt (Debt Necessary).

Maital (1982) used cognitive dissonance theory to explain why, despite believing that 'debt is wrong,' American consumers were happily getting themselves deeper into debt with the aid of credit cards. Since credit cards can be used merely as a means of payment rather than for their extended credit facilities, people can use

them without having to admit to themselves that they are getting themselves into debt; instead telling themselves that they can make full payments when the next statement comes. This reasoning can be applied to student debt: student are thinking of their student loans as a necessary form of payment for their student fees; telling themselves that they will be able to repay it full and easily when they start earning above average incomes (due, in part, to their optimism bias). The Debt Necessary scale found in the present research therefore reduces the ‘dissonance’ of taking out that debt. This can be extended to incorporate the development of ‘tolerance’ proposed by Davies and Lea (1995) and Boddington and Kemp (1999) whereby, having taking out a form of credit as a debtor and come to see that the situation does not entail the nasty implications that they expected, they may become avid users of finance and, thus more tolerant of debt. It should also be noted that ‘student loan’ has a nicer connotation than ‘being in debt’ – as it does not necessarily involve the admission that one is borrowing. This is consistent with one of the present findings: Many students did not incorporate their student loan as part of their reported debts at Stage Two although they had taken one out.

It is also possible that these two dimensions of Debt Avoidance and Debt Necessary are only present in student samples – or possibly just New Zealand students. Individuals’ views of student debt may have changed in New Zealand. Perhaps recent student loan policies helped bring the Debt Necessary and Debt Avoidant factors into existence. More research needs to be undertaken with this two-factor model on a UK sample to see if this is the case. In addition, though some of the variables in the present studies were statistically significant, they were generally poor predictors of individuals’ attitudes to debt and tertiary education attitudes, or actual debt and savings behaviour.

The present studies have found that attitudes to debt do not appear to relate to or predict behaviour well. One conclusion that could be drawn from this is simply that individual attitudes are not very important. If the Fishbein and Ajzen (1975) approach is taken, maybe it is societal norms which really drive what is going on. In basic terms, the Theory of Reasoned Action (Fishbein & Ajzen, 1975) states that a person's behaviour is determined by their attitude towards the outcome of that behaviour, and their perception of their own social environment. Thus, one's behaviour is determined by his intentions to perform the behaviour then his intention is, in turn, a function of his attitude towards that behaviour and his subjective norm. The attitude, in this case, is measured by the debt constructs and the subjective norm is to some extent measured by the perceived expectation or desire from relevant individuals or groups to enter tertiary education. The present research found that debt attitudes do not largely relate to (or predictive of) socio-economic class, term-time working, tertiary entry decisions, and actual student loan take-up. It is possible that such variables do relate to differing social norms, however these were not measured.

Due to the small sample of non-students at Stage Two, useful comparisons between students' and non-students' attitudes toward debt were not possible. How the attitudes towards debt of students and non-students compare with those who have not attended tertiary education, but presumably have friends who are, would also be an interesting avenue to consider.

It seems appropriate at this point to mention the sample and attrition rate. A large sample was sought at Stage One with the expectation that participants would be lost by Stage Two. In fact, only sixteen per cent of the original sample participated at

Stage Two and thirteen per cent of the initial sample's grades were collected from their tertiary institutions. Future studies involving longitudinal participation with participants in widespread locations should make special effort to stress individuals' value to the research. In the present study, the Stage One questionnaire was administered by the participants' secondary school. Anecdotally, when corresponding with participants at Stage Two, many did not in fact recall doing the questionnaire and providing their contact details twelve months earlier. If the researcher had administered these questionnaires personally, and had made contact about the value of individuals' participation soon after the completion of Stage One, a higher percentage of the sample might have been retained.

There may be an inherent bias in the nature of the sample regarding tertiary entry. Secondary school leavers in their final year of secondary school are quite likely to enter tertiary education (as those less likely have already left school). The 2006 and 2007 figures are not available, but the percentage of 2005 school leavers transitioning directly to tertiary education was fifty-eight per cent (Ministry of Education, 2008). Whether the eighty per cent that was found in this research (and in the Kemp et al cohort finding) is representative of the entire school population is therefore questionable.

This study has touched on the implications of term-time working for students' experience in tertiary life. For many of these students, study is only one aspect of their lives and not necessarily a central one. The accumulation of debt is a problem for students - they trade time for money. There is less time available for the acquisition of academic knowledge and skills and they have less time to develop their analytical and written communication skills. Term-time working has become an important strategy

to help meeting the costs of tertiary education and to minimise the accumulation of debt. The majority of students relied on term-time work to supplement their student loans and cover basic essentials. The present study found students' perceived effects of working on their academic performance were supported by the actual effects found. Of course, academic ability was not controlled for. Perhaps those more academically able are less likely to work. However, perhaps many students are just more 'scared of debt' than they need to be. Compared to other debt that is taken out, such as mortgages, student debt balances are still comparatively small. Taking out a student loan whilst studying may be a better option than the alternative, working in-term and receiving lower grades.

While a small proportion did not have debt from any source, the majority of the students incurred some form of debt while pursuing their tertiary studies. The predominant source of finance, used by seventy-three percent of the tertiary students, was the student loan. This is higher than the reported sixty-five percent found by Boddington and Kemp (Boddington & Kemp, 1999). The higher incidence of student loan borrowing by the current sample may reflect the recent implementation of the interest free student loan policy in the April of 2006 (Ministry of Social Development, 2006). Students may now be more inclined to take out a student loan, as they do not have to worry about incurring interest on their student loans and can possibly allocate any available financial resources into profitable investments for future economic gains. Under the new policy, it may be rational for individuals to take out a student loan, whether it is necessary or not. Further, this may also account for some of the complexity surrounding debt attitudes, as student loans in New Zealand are now really a very different sort of debt.

The growing reliance on student loans and subsequently the presence of student debt is at the intersection of several public policy concerns. The cost of tertiary education in New Zealand has progressively increased over the years. Such a trend is reflected in student loan borrowing patterns (Ministry of Education, 2008). The increasing trend of students accumulating large amounts of debt while studying directly impacts on their ability to save during and after their education process (James, 2005). The prospect of larger repayments may impact on students' decisions regarding their future, (e.g., asset accumulation, home ownership and having children) (James, 2005). These changes in human behaviour could affect the future social structure of the nation. From the individual level, high debt levels might impede an individual's ability to save for retirement. From the level of the government, it is more beneficial both economically and socially if individuals in New Zealand can provide for their own retirement. Although the introduction of the KiwiSaver Scheme in July 2007 and financial literacy strategies targeting secondary school student are steps in the right direction (Ministry of Education, Inland Revenue, & Ministry of Social Development, 2008; Valins, 2004), the Student Loan Scheme appears to undermine these established policies. Additionally, as the student population has the highest debt to asset ratio, further education programs and strategies to encourage financial responsibility and management could be implemented targeting the student culture.

In conclusion, the present research has found student debt attitudes to be more complex than previously proposed, and this has significant ramifications for debt attitude theory and research. The longitudinal nature of the research revealed that debt avoidance changes over time where respondents become less avoidant of debt between the two stages. But students' views of whether debt is necessary does not change. Students become more or less avoidant of debt depending on their

circumstances. However, the present debt attitude results still support many of the findings of earlier research such as debt acquisition preceding a more tolerant attitude change. Multiple regression found some important predictors of debt and tertiary education attitudes, but the actual practical predictive value of these variables is low due to the small amount of variance they accounted for. Many students appear to be taking out a loan – regardless of socio-economic background, gender or term-time working. Furthermore, students report to be engaging in term-time working to limit their student loans, yet engaging in term-time working is also resulting in lower grades in their studies. Those from the middle and higher socio-economic classes are more likely to be positive towards tertiary education, and thus entrants, compared with the lower socio-economic classes. However, the results found no evidence that this was due to differing debt attitudes or fear of debt. The results found in this thesis support the Behavioural Life-cycle hypothesis more so than the Life-cycle hypothesis due to the emotive experience surrounding the behaviour and acquisition of student loans and debt.

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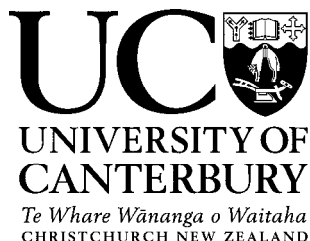
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Appendix A: Questionnaire One, Stage One



NEW ZEALAND SECONDARY SCHOOL STUDENTS' ATTITUDES TO DEBT AND TERM-TIME WORKING

This survey of students' attitudes to debt and term-time working covers your views on money and debt, and on term-time working. It is being carried out as part of research within the Department of Psychology at the University of Canterbury in Christchurch. It covers education, tertiary education, finances and debt. It also asks for information about you and your family, which will be used to analyse differences of opinion amongst students from different backgrounds. To answer the questions please tick the appropriate boxes, or write in your answers where necessary.

Your answers will be treated in the strictest of confidence and will not be attributed to you in any analysis. We are interested in your personal opinions. Please fill in the questionnaire on your own, without conferring with anyone else.

1 CURRENT STUDIES

1.1 Which qualification are you currently studying for?

- NCEA Scholarship ☐
- NCEA Level 3 ☐
- NCEA Level 2 ☐
- Cambridge International Examinations (A & AS-Levels) ☐
- International Baccalaureate ☐
- University Entrance ☐
- Other (specify) ☐

What are your expected grades?

2 YOUR VIEWS ON TERTIARY EDUCATION

2.1 To what extent do you agree with the following statements about university?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Tertiary education is a worthwhile experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You need a tertiary qualification to get a decent job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In the long term, you benefit financially from attending a tertiary institution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
One of the worst aspects of a tertiary student's life is having little money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
One of the best aspects of tertiary education is developing yourself as a person	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
One of the worst aspects of attending tertiary education is being in debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Student Debt puts some people off tertiary education	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
I would rather earn good money now than enter higher education	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Some of the best aspects of tertiary education are meeting new people and the social life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have a good idea of what tertiary institutions are like	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The student lifestyle is not for me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tertiary education is not for me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3 YOUR VIEWS ON BORROWING MONEY

3.1 To what extent do you agree with each of the following statements?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
There is no excuse for borrowing money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tertiary students have to go into debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You should always save up first before buying something	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Debt is a normal part of today's lifestyle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is okay to be in debt if you can pay it off	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Once you are in debt it is very difficult to get out of it	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is better to have something now and pay for it later	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Owing money is basically wrong	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Banks should not give interest free overdrafts to students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is OK to borrow money in order to buy food	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Students should be discouraged from using credit cards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Banks should not be surprised when students incur large debts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You should stay at home rather than borrow money to go out for an evening in the pub	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taking out a loan is a good thing, because it allows you to enjoy life as a student	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would rather be in debt than change my lifestyle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You shouldn't pay your tertiary fees: it is better to get a loan because it is interest free	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tertiary students should live at home with their parents to save money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Borrowing money for a tertiary education is a good investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am seriously worried about the debts I could build up while in tertiary education	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student debt puts off people going to university	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Students do not worry about the debts they build while in tertiary education, because they will get well-paid jobs when they graduate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student loans are a cheap/tax efficient way to borrow money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You should take out a loan whether you need to or not	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3.2 How much money do you have in savings that you could use to help fund time in tertiary education if you decided to go?

- No savings at all ☐
- Below \$500 ☐
- \$501 - \$1000 ☐
- \$1001 - \$3000 ☐
- \$3001 - \$5000 ☐
- More than \$5001 ☐

3.3 Do you owe money on any of the following?

Tick all that apply

- Bank overdraft ☐
- Other loan from bank (excluding mortgages) ☐
- Credit cards/ store cards ☐
- Hire purchase agreements ☐
- Unpaid bills ☐
- Other money owed (please specify to whom) ☐ _____
- No debts at all ☐

3.4 Roughly how much money, if any, do you owe in total?

- None ☐
- Below \$500 ☐
- \$501 - \$1000 ☐
- \$1001 - \$3000 ☐
- \$3001 - \$5000 ☐
- More than \$5001 ☐

4 YOUR VIEWS ABOUT THE FINANCIAL SITUATION OF TERTIARY STUDENTS

PLEASE TICK ONE ANSWER AT EACH QUESTION OR STATEMENT, UNLESS OTHERWISE INSTRUCTED

4.1 Student Expenditure

How much money do you think that average tertiary student spends in one year, if living away from home, on all the following items:

- Rent and bills
- Food
- Transport costs
- Books, materials, stationery
- Entertainment, holidays, presents

Please answer to the nearest \$500

If you are not sure, please give your best estimate

\$ _____ .00

4.2 Student Income

How much money do you think the average tertiary student gets, in one year, from all of the following sources, if living away from home:

- Student Loans
- Bursaries/other grants
- Money from parents/ family
- Paid work

Please answer to the nearest \$500

If you are not sure, please give your best estimate

\$ _____ .00

4.3 Student Debt

How much money do you think the average tertiary student owes at the end of their course, as a result of entering higher education?

Please answer to the nearest \$500

If you are not sure, please give your best estimate

\$ _____ .00

4.4 How well informed do you feel about the following aspects of higher education?

	Very well informed	Fairly well informed	Neither well nor poorly informed	Fairly poorly informed	Very poorly informed	Don't know
Tuition fees for tertiary students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student loans for tertiary students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other financial help for students in higher education e.g. Hardship or access funds, bursaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The costs of a tertiary education	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4.5 How easy was it for you to get information about...?

	Very easy	Fairly easy	Neither easy nor difficult	Fairly difficult	Very difficult	Not looked
Financial support available for tertiary students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The costs of entering tertiary education	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5 INFLUENCES ON YOUR DECISION TO ENTER HIGHER EDUCATION

PLEASE TICK ONE ANSWER AT EACH QUESTION OR STATEMENT, UNLESS OTHERWISE INSTRUCTED

5.1 Have any of the following people encouraged or discouraged you to enter tertiary education?

If they have not encouraged or discouraged you, please leave blank. If you have not had contact with these

people, use 'Not applicable'.

	Encouraged me	Discouraged me	Not applicable
Parents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brothers/sisters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other family members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Friends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parents or teachers at school	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
School careers advisor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Career centre staff (not connected with school)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Current university staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Someone who is currently a tertiary student	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your employer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5.2 If you were to go to university, how much financial support do you think your parents/guardians and family would give you?

- A great deal ☐
- A fair amount ☐
- A small amount ☐
- None at all ☐
- I don't know ☐

6 APPLYING FOR HIGHER EDUCATION

PLEASE TICK ONE ANSWER AT EACH QUESTION OR STATEMENT, UNLESS OTHERWISE INSTRUCTED

6.1 Have you decided to go to enter tertiary education?

- Yes – I have applied ☐ Go to 6.4
- Yes – I intend to apply ☐ Go to 6.4
- Undecided ☐ Go to next question
- No – Decided not to go ☐ Go to next question

ANSWER IF YOU ARE NOT GOING TO ENTER TERTIARY STUDY OR ARE UNDECIDED

6.2 How important were the following in your decision NOT to go to enter tertiary education?

(If you are still undecided, please say how important these factors will be in your decision)

	Very important	Fairly important	Not very important	Not at all important	Not applicable
I don't enjoy studying or don't want to continue studying	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I don't feel prepared/qualified to study at tertiary level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I don't believe a tertiary degree will help me to get a better job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The costs of studying are higher than the benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want/need to have a job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I want/need to earn money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I can't afford to enter tertiary education	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I do not have time for tertiary study because of my other commitments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My family or friends discouraged me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I do not want to build up debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am not attracted to the lifestyle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My teachers or tutors discouraged me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The loan is interest free but I will still have to pay it off	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ANSWER IF YOU ARE NOT GOING TO ENTER TERTIARY EDUCATION OR ARE UNDECIDED

6.3 How likely is that you will apply to study at a tertiary institution within the next five years?

Very likely	<input type="checkbox"/>
Fairly likely	<input type="checkbox"/>
Not very likely	<input type="checkbox"/>
Not likely at all	<input type="checkbox"/>

ANSWER IF YOU HAVE DECIDED TO ENTER TERTIARY EDUCATION OR ARE UNDECIDED

6.4 How important were the following in your decision to go to enter tertiary education?

(If you are still undecided, please say how important these factors will be in your decision)

	Very importa nt	Fairly importa nt	Not very importa nt	Not at all importa nt	Not applica ble
Wanted to continue studying	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To help get a job/better job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
A degree is required for the job I want to do	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To put off getting a job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want a break from full-time employment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is the normal thing to do after finishing school	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I was attracted to the lifestyle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My teachers/tutors encouraged me to go study at tertiary level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My family encouraged me to go to enter tertiary study	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want a change in the direction of my life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To do something that I have always wanted to do, but have never had the chance to do	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To improve my self-esteem	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The opportunity to move away from home	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To become more independent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ANSWER IF YOU HAVE DECIDED TO GO TO TERTIARY EDUCATION OR ARE UNDECIDED

6.5 Do you want to go in 2007 or 2008?

2007	<input type="checkbox"/>	Go to Section 7
2008	<input type="checkbox"/>	Go to next question
Undecided which year	<input type="checkbox"/>	Go to next question

ANSWER IF YOU WANT TO START TERTIARY EDUCATION IN 2008 OR ARE UNDECIDED**6.6 How important are the following in your decision to start tertiary study in 2008?**

(If you are still undecided, please say how important these factors will be in your decision)

	Very importa nt	Fairly importa nt	Not very importa nt	Not at all importa nt	Not applica ble
I want to do some travelling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I may have to re-sit my exams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want to gain some work experience this coming year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I won't be able to afford to go to a tertiary institution unless I work for a year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want to save/earn money to avoid taking out a student loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want to save/earn some money for other reasons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

IF YOU ARE NOT GOING TO ENTER TERTIARY STUDY OR ARE UNDECIDED, PLEASE GO TO SECTION 9**7 YOUR CHOICES ABOUT TERTIARY STUDY****ANSWER THIS QUESTION IF YOU HAVE DECIDED TO ENTER TERTIARY EDUCATION. PLEASE ANSWER ABOUT YOUR FIRST CHOICE OF STUDY.****IF YOU ARE NOT GOING TO ENTER TERTIARY EDUCATION OR ARE UNDECIDED, PLEASE GO TO SECTION 9**PLEASE TICK ONE ANSWER AT EACH QUESTION OR STATEMENT, UNLESS OTHERWISE INSTRUCTED**7.1 What qualification do you hope to get at a tertiary institution?**

- First degree (e.g. BA, BSc) ☐
- Diploma ☐
- Certificate ☐
- Other ☐
- Don't know ☐

7.2 What subjects do you hope to take?

(You may tick more than one if applicable)

Medicine and dentistry	<input type="checkbox"/>	Subjects allied to medicine (anatomy, nursing)	<input type="checkbox"/>
Biological sciences (biology, zoology)	<input type="checkbox"/>	Agriculture and related subjects	<input type="checkbox"/>
Physical sciences (chemistry, physics)	<input type="checkbox"/>	Mathematical sciences and informatics (maths, statistics, computer science, IT)	<input type="checkbox"/>
Engineering and technology	<input type="checkbox"/>	Architecture	<input type="checkbox"/>
Social studies (economics, sociology, social policy, and psychology)	<input type="checkbox"/>	Business and administrative studies	<input type="checkbox"/>
Mass communication and documentation (media studies)	<input type="checkbox"/>	Languages and related disciplines	<input type="checkbox"/>
Humanities (English, history, geography, philosophy)	<input type="checkbox"/>	Creative arts (art, drama, music, design)	<input type="checkbox"/>
Education and leisure	<input type="checkbox"/>	Unsure (please specify department/course name)	<input type="checkbox"/>

7.3 How long is the course that you hope to take?

- 1 year ☐
- 2 years ☐

- 3 years ☐
- 4 years ☐
- 5 years or more ☐
- Don't know ☐

7.4 To what extent has the cost of a tertiary education affected any of your decisions or ideas about the following:

Because of the cost, I am going to or I am thinking about ...

Please tick all that apply. (If statements do not apply to you, please leave blank)

- | | |
|--|--------------------------|
| Applying to institutions nearer my home | <input type="checkbox"/> |
| Applying to institutions in areas where the cost of living is lower | <input type="checkbox"/> |
| Applying to a "new age" type institution as opposed to a more traditional | <input type="checkbox"/> |
| Living at home with my parents while at studying | <input type="checkbox"/> |
| <hr/> | |
| Doing a vocational (job-related) course rather than an academic course | <input type="checkbox"/> |
| Taking a shorter course | <input type="checkbox"/> |
| Applying for sponsorship or a bursary | <input type="checkbox"/> |
| Doing a part-time course | <input type="checkbox"/> |
| Deferring / taking a GAP year | <input type="checkbox"/> |
| <hr/> | |
| Doing a course with a paid work placement | <input type="checkbox"/> |
| Taking a subject with better employment prospects | <input type="checkbox"/> |
| Applying to institutions in areas where there are opportunities for term-time employment | <input type="checkbox"/> |
| Getting advice on how to budget | <input type="checkbox"/> |

PLEASE TICK ONE ANSWER AT EACH QUESTION OR STATEMENT, UNLESS OTHERWISE INSTRUCTED

7.5 When you enter tertiary study, how likely is it that you will do the following?

(You may tick more than one if applicable)

- | | Very likely | Quite likely | Not very likely | Not likely at all | Don't know |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Have a paid job during the tertiary holidays | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Have a paid job during term-time | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Get a loan from family | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Get an overdraft/ bank loan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <hr/> | | | | | |
| Get a credit card | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Live with your parents / family / other relatives | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Live in tertiary provided accommodation (Halls/flats) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Live in other rented accommodation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

7.6 When you enter tertiary study, do you intend to study full-time or part-time?

- | | | |
|------------|--------------------------|---------------------|
| Part-time | <input type="checkbox"/> | Go to next question |
| Full-time | <input type="checkbox"/> | Go to Section 8 |
| Don't know | <input type="checkbox"/> | Go to Section 8 |

ANSWER IF YOU INTEND TO STUDY PART-TIME**7.7 Would you prefer to study full-time if you could afford it?**

- Yes ☐
- No ☐
- Finances are not an issue ☐
- Don't know ☐

8 PAYING FOR TERTIARY STUDY**ANSWER THIS SECTION IF YOU HAVE DECIDED TO GO TO ENTER TERTIARY EDUCATION.****IF YOU ARE NOT GOING TO ENTER TERTIARY STUDY OR ARE UNDECIDED, PLEASE GO TO SECTION 9****8.1 Which of the following preparations, if any, are you making before going to tertiary education to save money for your time studying?**

Tick all that apply

- Full-time holiday job ☐
- Working full-time ☐
- Part-time holiday job ☐
- Part-time job during school ☐
- Saving money given as presents ☐
- None of the above ☐

8.2 Do you think that you (or your family) will have to pay tuition fees?

- Yes – required to pay the full amount
(approximately \$4,000 per year) ☐
- Yes – required to pay part of the tuition fees but
not the full amount ☐
- No – not required to pay fees ☐
- Don't know ☐

8.3 Do you think you will take out a student loan from StudyLink to pay for your tertiary education?

- Yes ☐ Go to 8.4
- No ☐ Go to 8.5
- Don't know ☐ Go to 8.4

ANSWER IF YOU THINK YOU WILL TAKE OUT A STUDENT LOAN OR IF YOU DON'T KNOW. OTHERWISE GO TO NEXT QUESTION**8.4 How important do you think the following may be in your decision to take out a student loan while in tertiary study?**

- | | Very
importa
nt | Quite
importa
nt | Not
very
importa
nt | Not at
all
importa
nt | N/A |
|---|--------------------------|--------------------------|------------------------------|--------------------------------|--------------------------|
| I will need the money for basic necessities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

To reduce the number of paid hours of work I may need to do	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I do not want to get a term-time job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents do not want me to take a paid job/work too many hours	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is interest free so I should use this service whether I need it or not	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents cannot afford to support me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want to have money independently of my parents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would like the money to afford a reasonable lifestyle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is a cheap way to borrow money / tax efficient	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ANSWER IF YOU THINK YOU WILL NOT TAKE OUT A STUDENT LOAN OR IF YOU DON'T KNOW. OTHERWISE GO TO SECTION 9

8.5 If you think you will not be taking out a student loan while in tertiary education, how important are the following in your decision?

	Very important	Quite important	Not very important	Not at all important	N/A
I prefer to get a paid job rather than take out a student loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents will not want me to take out a student loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am concerned about the repayments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I do not like borrowing and I am concerned about having debts – even if it is interest free	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I prefer to borrow from elsewhere	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I can rely on my savings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My parents will give me all the money that I need	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Not eligible to apply	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9 YOU AND YOUR FAMILY

EVERYBODY TO ANSWER THIS SECTION

These questions are extremely important. They will help us analyse whether students from different backgrounds have different attitudes towards debt and term-time work. We realise that some of these questions may seem quite personal. Please be assured that your answers are totally confidential. The information will be used only for statistical analysis and your personal details will not be attributed in any reporting.

9.1 Are you...?

Male ☐ Female ☐

9.2 What is your date of birth?

Month Year

9.3 To which of the following ethnic groups do you consider that you belong?

Pakeha/ NZ European ☐ Pacific People ☐
 NZ Maori ☐ European ☐ Mixed ethnic group ☐
 Cook Island Maori ☐ Indian ☐

Asian ☐Other ethnic group ☐**9.4 What is your religion?**

None	<input type="checkbox"/>	Christian	<input type="checkbox"/>	(including Anglican, Roman Catholic, Protestant, and all other Christian denominations)
Buddhist	<input type="checkbox"/>	Hindu	<input type="checkbox"/>	
Jewish	<input type="checkbox"/>	Muslim	<input type="checkbox"/>	
Sikh	<input type="checkbox"/>	Other religion	<input type="checkbox"/>	

9.5 Do you have a disability or health problem that affects your ability to carry out normal day-to-day activities?

Y e s	<input type="checkbox"/>	N o	<input type="checkbox"/>
-------------	--------------------------	--------	--------------------------

**9.6 Have any members of your family studied at university?
(Please include any family members who are currently at university.)**

	Y e s	No	Not applicable
Father	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mother	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brother/sister	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9.7 For most of your childhood, were you brought up by...?

Two or more parents (including step parents)	<input type="checkbox"/>	One parent alone	<input type="checkbox"/>	Other	<input type="checkbox"/>
---	--------------------------	---------------------	--------------------------	-------	--------------------------

9.8 Are you currently living with...?

Two parents (including guardians and step parents)	<input type="checkbox"/>	Not living with parents/guardians	<input type="checkbox"/>
One parent/guardian	<input type="checkbox"/>		

9.9 Who is the main income earner in your family?**(By "Main Income Earner" we mean the person with the largest income, whether from employment, student support, pensions, state benefits, investments or any other source)**

Father/male guardian	<input type="checkbox"/>	Mother/female guardian	<input type="checkbox"/>	Brother or sister	<input type="checkbox"/>
Yourself	<input type="checkbox"/>			Other (specify)	<input type="checkbox"/>

9.10 Please tell us about the main income earner in your family. Is he/she/you ...?

- | | | |
|-------------------------------|--------------------------|-----------------------------|
| Working | <input type="checkbox"/> | GO TO QUESTION 9.11a |
| Studying full-time | <input type="checkbox"/> | GO TO QUESTION 9.11b |
| Retired | <input type="checkbox"/> | GO TO QUESTION 9.11b |
| Unemployed less than 6 months | <input type="checkbox"/> | GO TO QUESTION 9.11b |
| Unemployed more than 6 months | <input type="checkbox"/> | GO TO SECTION 10 |
| Other (specify) | <input type="checkbox"/> | GO TO QUESTION 9.11b |



9.11a - If main income earner is WORKING what is the name or title of the main earner's current job?

9.11b - If main income earner is STUDYING FULL-TIME, RETIRED or UNEMPLOYED less than 6 months what was the name or title of the main income earner's most recent job, before becoming a full-time student/retiring/becoming unemployed?

9.12 What is, or was, the industry or business of the main income earner's employer? (e.g. 'making shoes', 'repairing cars', 'primary school', 'food wholesale', 'clothing retail', 'doctor's surgery')

9.13 Please describe what kind of work the main income earner does (or did)

9.14 Does/did the main income earner supervise other people at work?

Y
e
s ☐ N
o ☐ Don't know ☐

9.15 Is/was the main income earner self-employed?

Y
e
s ☐ N
o ☐ Don't know ☐

10 FINAL SECTION

Thank you for your help so far

10.1 We may need to contact you in the future, are you happy for us to do this?

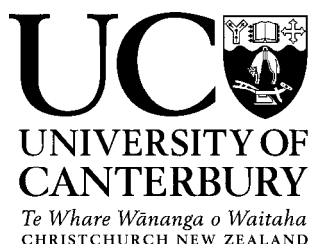
Y
e
s ☐ N
o ☐

If you are willing to help us again:

To help us do this, please write your full name and your **long-term** address where we could contact you in the future. Please also give us an **alternative address** (grandparents, other parents' address, etc). Your details will be treated confidentially by us and will **not** be passed on to anyone else. They will only be used by us for the purposes of this research.

Name		
Address		
	Postcode	
Tel no		
Cell no		
Email address		

Appendix B: Questionnaire Two, Stage Two



NEW ZEALAND TERTIARY STUDENTS' ATTITUDES TO DEBT AND TERM-TIME WORKING

This survey of students' attitudes to debt and term-time working covers your views on money and debt, and on term-time working. It is being carried out as part of research within the Department of Psychology at the University of Canterbury in Christchurch. It covers education, tertiary education, finances and debt. It also asks for information about you and your family, which will be used to analyse differences of opinion amongst students from different backgrounds. To answer the questions please tick the appropriate boxes, or write in your answers where necessary.

Your answers will be treated in the strictest of confidence and will not be attributed to you in any analysis. We are interested in your personal opinions. Please fill in the questionnaire on your own, without conferring with anyone else.

1 QUALIFICATION BEFORE LEAVING SCHOOL

1.1 Which of these was your highest qualification before entering tertiary education?

- | | | |
|--|--------------------------|-------|
| NCEA Scholarship | <input type="checkbox"/> | _____ |
| NCEA Level 3 | <input type="checkbox"/> | _____ |
| NCEA Level 2 | <input type="checkbox"/> | |
| Cambridge International Examinations (A & AS-Levels) | <input type="checkbox"/> | |
| International Baccalaureate | <input type="checkbox"/> | |
| University Entrance | <input type="checkbox"/> | |
| Other (specify) | <input type="checkbox"/> | |

1.2 Are you currently studying Full-time or Part-time?

- Full-time ☐
 Part-time ☐
 Working ☐
 Unemployed ☐

2 YOUR VIEWS ON TERTIARY EDUCATION

2.1 To what extent do you agree with the following statements about tertiary education?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
Tertiary education is a worthwhile experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You need a tertiary qualification to get a decent job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In the long term, you benefit financially from attending a tertiary institution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
One of the worst aspects of a tertiary student's life is having little money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
One of the best aspects of tertiary education is developing yourself as a person	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
One of the worst aspects of attending tertiary education is being in debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student Debt puts some people off tertiary education	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I would rather earn good money now than enter higher education	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Some of the best aspects of tertiary education are meeting new people and the social life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have a good idea of what tertiary institutions are like	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The student lifestyle is not for me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tertiary education is not for me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3 YOUR VIEWS ON BORROWING MONEY

3.1 To what extent do you agree with each of the following statements?

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
There is no excuse for borrowing money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tertiary students have to go into debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You should always save up first before buying something	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Debt is a normal part of today's lifestyle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is okay to be in debt if you can pay it off	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Once you are in debt it is very difficult to get out of it	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is better to have something now and pay for it later	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Owing money is basically wrong	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Banks should not give interest free overdrafts to students	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is OK to borrow money in order to buy food	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Students should be discouraged from using credit cards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Banks should not be surprised when students incur large debts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You should stay at home rather than borrow money to go out for an evening in the pub	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taking out a loan is a good thing, because it allows you to enjoy life as a student	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I would rather be in debt than change my lifestyle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You shouldn't pay your tertiary fees: it is better to get a loan because it is interest free	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tertiary students should live at home with their parents to save money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Borrowing money for a tertiary education is a good investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am seriously worried about the debts I could build up while in tertiary education	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student debt puts off people going to university	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Students do not worry about the debts they build while in tertiary education, because they will get well-paid jobs when they graduate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student loans are a cheap/tax efficient way to borrow money	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
You should take out a loan whether you need to or not	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3.5 How much money from your savings have you used to help fund time in tertiary education?

No savings at all	<input type="checkbox"/>
Below \$500	<input type="checkbox"/>
\$501 - \$1000	<input type="checkbox"/>
\$1001 - \$3000	<input type="checkbox"/>
\$3001 - \$5000	<input type="checkbox"/>
More than \$5001	<input type="checkbox"/>

3.6 Do you owe money on any of the following (excluding your student loan)?

Tick all that apply

Bank overdraft	<input type="checkbox"/>
Other loan from bank (excluding mortgages)	<input type="checkbox"/>
Credit cards/ store cards	<input type="checkbox"/>
Hire purchase agreements	<input type="checkbox"/>
Unpaid bills	<input type="checkbox"/>
Other money owed	<input type="checkbox"/>
No debts at all	<input type="checkbox"/>

3.7 Roughly how much money, if any, do you owe in total (excluding your student loan)?

None	<input type="checkbox"/>
Below \$500	<input type="checkbox"/>
\$501 - \$1000	<input type="checkbox"/>
\$1001 - \$3000	<input type="checkbox"/>
\$3001 - \$5000	<input type="checkbox"/>
More than \$5001	<input type="checkbox"/>

4 YOUR VIEWS ABOUT THE FINANCIAL SITUATION OF TERTIARY STUDENTS

PLEASE TICK ONE ANSWER AT EACH QUESTION OR STATEMENT, UNLESS OTHERWISE INSTRUCTED

4.2 Student Expenditure

How much money do you think that average tertiary student spends in one year, if living away from home, on all the following items:

- Rent and bills
- Food
- Transport costs
- Books, materials, stationery
- Entertainment, holidays, presents

Please answer to the nearest \$500

If you are not sure, please give your best estimate

\$ _____ .00

4.2 Student Income

How much money do you think the average tertiary student gets, in one year, from all of the following sources, if living away from home:

- Student Loans
- Bursaries/other grants
- Money from parents/family
- Paid work

Please answer to the nearest \$500

If you are not sure, please give your best estimate

\$ _____ .00

4.6 Student Debt

How much money do you think the average tertiary student owes at the end of their course, as a result of entering higher education?

Please answer to the nearest \$500

If you are not sure, please give your best estimate

\$ _____ .00

5 ABOUT YOUR COURSE

PLEASE TICK ONE ANSWER AT EACH QUESTION OR STATEMENT, UNLESS OTHERWISE INSTRUCTED

5.1 What qualification do you hope to get while in tertiary study?

- | | |
|-----------------------------|--------------------------|
| First degree (e.g. BA, BSc) | <input type="checkbox"/> |
| Diploma | <input type="checkbox"/> |
| Certificate | <input type="checkbox"/> |
| Other | <input type="checkbox"/> |
| Don't know | <input type="checkbox"/> |

5.2 What is the main subject of your course?

(You may tick more than one if applicable)

Medicine and dentistry	<input type="checkbox"/>	Subjects allied to medicine (anatomy, nursing)	<input type="checkbox"/>
Biological sciences (biology, zoology)	<input type="checkbox"/>	Agriculture and related subjects	<input type="checkbox"/>
Physical sciences (chemistry, physics)	<input type="checkbox"/>	Mathematical sciences and informatics (maths, statistics, computer science, IT)	<input type="checkbox"/>
Engineering and technology	<input type="checkbox"/>	Architecture	<input type="checkbox"/>
Social studies (economics, sociology, social policy, and psychology)	<input type="checkbox"/>	Business and administrative studies	<input type="checkbox"/>
Mass communication and documentation (media studies)	<input type="checkbox"/>	Languages and related disciplines	<input type="checkbox"/>
Humanities (English, history, geography, philosophy)	<input type="checkbox"/>	Creative arts (art, drama, music, design)	<input type="checkbox"/>
Education and leisure	<input type="checkbox"/>	Unsure (<i>please specify department/course name</i>)	<input type="checkbox"/>

5.3 How long is the course that you hope to take?

1 year	<input type="checkbox"/>
2 years	<input type="checkbox"/>
3 years	<input type="checkbox"/>
4 years	<input type="checkbox"/>
5 years or more	<input type="checkbox"/>
Don't know	<input type="checkbox"/>

PAYING FOR TERTIARY EDUCATION**6.1 Have you taken out a student loan whilst in tertiary education?**

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

6.2 Do you receive a?

Student loan for my course fees	<input type="checkbox"/>	Amount: \$ _____
Student Loan for Living Allowance	<input type="checkbox"/>	
Government Student Allowance	<input type="checkbox"/>	
I do not have a Student Loan or a Student Allowance	<input type="checkbox"/>	

6.3 If you receive a student living allowance, what do you use this money for?

Rent / food / power and necessities	<input type="checkbox"/>
Pocket / spending money (coffee, movies, alcohol)	<input type="checkbox"/>
I invest it in a savings account / term deposit to earn interest	<input type="checkbox"/>

6.4 What is your total income for this academic year, that is, from February 2007 to November 2007?

Please include money received from your family; social benefits; student loan; income from paid work; student allowance; other allowances and grants from the government; hardship funds; bursaries from your school or other charitable foundations.

Enter amount. A rough estimate is fine \$ _____

6.5 By the time you finish tertiary education, roughly how much money in savings, if any, do you think you will have?

Enter amount \$ _____

6.6 By the end of your time in tertiary education, roughly how much money do you think you will owe as a result of studying?

(Exclude any money owed on a mortgage)

Enter amount owed

All loans from StudyLink	\$ _____
Bank Overdrafts	\$ _____
Outstanding payments on Credit Cards	\$ _____
Outstanding payments on Bank Loans	\$ _____
Outstanding payment on Hire Purchase	\$ _____
Unpaid bills	\$ _____
Other	\$ _____
No debts at all	<input type="checkbox"/>

6.7 Which of the following statements best describes how you are managing financially at the moment?
Tick one box only

I am keeping up with all my bills credit commitments without any difficulty	<input type="checkbox"/>
I am keeping up with my bills credit commitments, but I struggle from time to time	<input type="checkbox"/>
I am keeping up with all my bills credit commitments, but it is a constant struggle	<input type="checkbox"/>
I am falling seriously behind with some of my bills and credit commitments	<input type="checkbox"/>
I am having real financial problems and have fallen behind with my bills and credit commitments	<input type="checkbox"/>
My parents/ guardians/ other family cover all expenses	<input type="checkbox"/>

7 PAID WORK

(Excluding work placements which are part of your course)

7.1 This academic year, since September 2008, have you worked?

- Not at all ☐
- Vacations only ☐
- Term-time only ☐
- Both vacations and term-time ☐

7.2 When have you worked during term-time this year?

Semester 1 ☐ Semester 2 ☐

7.3 Thinking about your term-time job/s this academic year:

- (a) How many weeks in the semester have you worked?
- (b) How many hours have you worked each week, on average?
(Please include the total number of hours worked if you had more than one job)
- (c) How much have you earned an hour, on average?

	Semester 1	Semester 2
Enter number of weeks worked	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>
Enter number of hours worked each week	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>
Enter hourly pay \$	<input type="text"/> <input type="text"/>	\$ <input type="text"/> <input type="text"/>

7 REASONS FOR NOT WORKING DURING TERM-TIME

Answer if you have *never* worked during term time.

7.1 How important were each of the following factors in your decision not to work during term time?

	Very importa nt	Fairly importan t	Not very importa nt	Not at all importa nt	Not applicab le
I prefer to take out a student loan than work during term-time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I do not need to work because my family gives me all the money I need	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want to concentrate on my studies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have been unable to find a job/suitable job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I can manage financially on my student loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I prefer to do other things with my time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

My academic work would suffer if I had a term-time job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I cannot cope with juggling my studies, work and family commitments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am under a lot of pressure from my family to do well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I do not need the money because I can rely on my savings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have already done/ am currently doing a work placement as part of my studies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please write in)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

NOW GO TO SECTION 11

8 REASONS FOR WORKING DURING TERM-TIME

Answer if you have worked during term-time. If you have not worked during term-time go to SECTION 11.

8.1 How important were each of the following factors in your decision to work during term time?

	Very important	Fairly important	Not very important	Not at all important	Not applicable
I can't manage just on my student loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I need the money for basic essentials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I have no choice, my family cannot help me financially	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I wanted to buy a particular item	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want to reduce the amount I borrow from StudyLink	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I want the experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To avoid taking out a student loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My family encouraged me to take a job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I thought the work would help me get a job when I graduate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please write in)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9 THE IMPACT OF WORKING DURING TERM-TIME

Please answer the following questions about your term-time job/s.

9.1 How often has your term-time job/s meant that you have:

	Frequently	Occasionally	Never
Missed lectures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Missed seminars/tutorials/classes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Missed deadlines for assignments and course work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Had difficulty accessing the university's computing facilities/library/learning resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Produced poor quality assignments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

[illegible]

9.5 Is your term-time job accredited in any way or can you get any credits for your term-time job?

Yes ☐ No ☐

10 YOU AND YOUR FAMILY

EVERYBODY TO ANSWER THIS SECTION

These questions are extremely important. They will help us analyse whether students from different backgrounds have different attitudes towards debt and term-time work. We realise that some of these questions may seem quite personal. Please be assured that your answers are totally confidential. The information will be used only for statistical analysis and your personal details will not be attributed in any reporting.

10.1 Are you...?

Male ☐ Female ☐

10.2 What is your date of birth?

Month Year 19

10.3 To which of the following ethnic groups do you consider that you belong?

Pakeha/ NZ European	<input type="checkbox"/>	Pacific People	<input type="checkbox"/>	
NZ Maori	<input type="checkbox"/>	European	<input type="checkbox"/>	Mixed ethnic group <input type="checkbox"/>
Cook Island Maori	<input type="checkbox"/>	Indian	<input type="checkbox"/>	
		Asian	<input type="checkbox"/>	Other ethnic group <input type="checkbox"/>

10.4 What is your religion?

None	<input type="checkbox"/>	Christian	<input type="checkbox"/>	(including Anglican, Roman Catholic, Protestant, and all other Christian denominations)
Buddhist	<input type="checkbox"/>	Hindu	<input type="checkbox"/>	
Jewish	<input type="checkbox"/>	Muslim	<input type="checkbox"/>	
Sikh	<input type="checkbox"/>	Other religion	<input type="checkbox"/>	

10.5 Do you have a disability or health problem that affects your ability to carry out normal day-to-day activities?

Yes ☐ No ☐

10.6 Have any members of your family studied at university?
(Please include any family members who are currently at university.)

	Yes	No	Not applicable
Father	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mother	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brother/sister	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10.7 For most of your childhood, were you brought up by...?

Two or more parents (including step parents)	<input type="checkbox"/>	One parent alone	<input type="checkbox"/>	Other	<input type="checkbox"/>
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10.8 Are you currently living with...?

Two parents (including guardians and step parents)	<input type="checkbox"/>	Not living with parents/guardians	<input type="checkbox"/>
One parent/guardian	<input type="checkbox"/>		

10.9 Who is the main income earner in your family?

(By "Main Income Earner" we mean the person with the largest income, whether from employment, student support, pensions, state benefits, investments or any other source)

Father/male guardian	<input type="checkbox"/>	Mother/female guardian	<input type="checkbox"/>	Brother or sister	<input type="checkbox"/>
Yourself	<input type="checkbox"/>			Other (specify)	<input type="checkbox"/>

10.10 Please tell us about the main income earner in your family. Is he/she/you ...?

Working	<input type="checkbox"/>	GO TO QUESTION 10.11a	}
Studying full-time	<input type="checkbox"/>	GO TO QUESTION 10.11b	
Retired	<input type="checkbox"/>	GO TO QUESTION 10.11b	
Unemployed less than 6 months	<input type="checkbox"/>	GO TO QUESTION 10.11b	
Unemployed more than 6 months	<input type="checkbox"/>	GO TO SECTION 11	
Other (specify)	<input type="checkbox"/>	GO TO QUESTION 10.11b	

10.11a - If main income earner is WORKING what is the name or title of the main earner's current job?

10.11b - If main income earner is STUDYING FULL-TIME, RETIRED or UNEMPLOYED less than 6 months what was the name or title of the main income earner's most recent job, before becoming a full-time student/retiring/becoming unemployed?

10.12 What is, or was, the industry or business of the main income earner's employer?
(e.g. 'making shoes', 'repairing cars', 'primary school', 'food wholesale', 'clothing retail', 'doctor's surgery')

--

10.13 Please describe what kind of work the main income earner does (or did)

--

10.14 Does/did the main income earner supervise other people at work?

Y
e
s ☐ N
o ☐ Don't
know ☐

10.15 Is/was the main income earner self-employed?

Y
e
s ☐ N
o ☐ Don't
know ☐

11 FINAL SECTION

Thank you for your help so far

11.1 Everybody to answer

To develop this research further we would like to know your actual grades while at university. This is vital for our understanding of the issues raised in this questionnaire. The information will be strictly confidential and will only be used by us for research purposes. No individuals and their grades will be identified in our study. The information will not be passed on to anyone else. We would like your permission for your university to give us this information, in confidence. May we have your permission to access this information, or would you prefer us not to?

Permission given ☐ Permission refused ☐

If permission given, please write your name in full and your university ID number, if known.

Name	
University ID number	

11.2 We may want to do some more research in this area. Would you be willing to help us again?

Y
e
s ☐ N
o ☐

If you are willing to help us again:

To help us do this, please write your full name and your **long-term** address where we could contact you in the future. Your details will be treated confidentially by us and will **not** be passed on to anyone else. They will only be used by us for research purposes.

Name			
Address			
	Postcode		
Tel no			
Email address			

Appendix C: Information Sheet for participants

INFORMATION SHEET:

The New Zealand Student Debt and Term-time working study

This survey is the beginning of a longitudinal study following secondary school students' perceptions of debt, tertiary education, and term-time working over a number of years. It is being carried out as part of a Doctor of Philosophy programme at the University of Canterbury by Steve Haultain under the supervision of Professor Simon Kemp and Dr Sasha Chernyshenko.

As part of this project we are surveying Year-13 students at New Zealand secondary schools to find out their views on a range of views surrounding student debt. A question which can be answered from this study (and relevant to current politics) is whether the interest free loans after graduating increase the number of secondary school students planning on utilising the student loan system. What is the students' borrowing behaviour and motivation? What are students' actual understanding of debt, loan and post-tertiary life? Why do students choose to/ choose not to work whilst in tertiary education? How does this term-time working affect their academic studies? What are students' perceptions of the impact of term-time work on their academic performance?

This research is important for New Zealand because it will help us understand attitudes of prospective students and current students towards debt, assist in understanding the consequences of debt, and even assist decision making in the future of student loan and debt policy making for this country.

We would like to invite you to take part in this questionnaire. The questionnaire will take approximately 20 minutes to complete. This research has been reviewed and approved by the University of Canterbury Human Ethics Committee. Your names will be taken for the purposes of tracking should you agree to participate at later stages of the study. At no time will your name be attached to the analysed data. The raw questionnaires will be kept secure and will be locked away in a secure location as soon as they are processed. If the information you provide is reported or published, you can be assured that this will be done in a way that does not identify you or your school as a source. As a thank you for completing the questionnaire, you will go in the draw to win one of ten iPods that are being given away.

If you are interested in taking part in this survey to help us understand more clearly the factors surrounding student debt in New Zealand, please complete the questionnaire.

Many thanks for your assistance.

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Appendix D: The New Zealand Education System

The following is paraphrased from www.ncea.govt.nz (retrieved, 14 April 2009)

Secondary Education

Students commence secondary education (Years 9 - 13) at approximately 13 years of age. They may choose to study at either a state or private school. There is a wide choice of subjects at 400 schools throughout the country. The school year, based on four terms, commences in early February and finishes in mid December. Many international students complete the final year of secondary school (e.g. Year 12 & 13) in New Zealand before proceeding to tertiary study.

New Zealand's Secondary School Qualifications:

New Zealand's qualifications system is standards-based. In 2002, Level 1 of the National Certificate of Educational Achievement (NCEA) replaced School Certificate. Level 2 of NCEA replaced Sixth Form Certificate in 2003 and in 2004, Level 3 of NCEA replaced University Bursaries.

National Certificate of Educational Achievement

New Zealand's main secondary school qualification is the National Certificate of Educational Achievement (NCEA). The NCEA is made up of credits that are awarded for meeting pre-defined standards (called achievement or unit standards) in each subject area. For each subject, separate standards are given for different skills and knowledge within the subject. For example, in English there will be separate standards for speaking, reading, writing and research. Industry-related unit standards are internally assessed. Students can use unit standards as credits toward an NCEA. No grades or marks are given for unit standards. Credit is simply given if the standard is achieved. About 60% of the achievement standards are assessed externally (end-of-year examinations marked by teachers outside the school); the rest are assessed internally (assessments within the school).

To gain a National Certificate of Educational Achievement you must earn 80 credits. In the case of Levels 2 and 3 at least 60 must be from the relevant Level. Students can also study at a mix of levels depending on their interests and strengths.

NCEA Level 1

This equates to Year 11 (5th Form). Comparable overseas qualifications include:

- the British GCSE at grades A to E
- the British 'O' Level (now available outside Britain only)
- the Canadian or United States Grade 10
- in different Australian states: Year 10 Awards, School Certificate, Junior Certificate, Achievement Certificate.

NCEA Level 2

This equates to Year 12 (6th Form). Comparable overseas qualifications include Canadian or United States Grade 11 and the British 'A' Levels.

NCEA Level 3

This equates to Year 13 (7th Form). Comparable overseas qualifications are:

- the British 'A' Levels
- the Australian Year 12 Awards.

University Entrance can be gained by successfully completing NCEA Level 3.

New Zealand Scholarship

New Zealand Scholarship is a series of stand-alone examinations designed to extend very able students. Although a much higher level of analysis is required, the subject matter assessed is the same as that covered for Level 3 NCEA. Students enter external scholarship assessments in addition to those required for NCEA Level 3. A set proportion of students obtain Scholarship in each subject. Successful candidates receive financial assistance with their tertiary studies.

Alternatives to NCEA

In 2001, no New Zealand school offered alternatives to the NCEA, until the New Zealand Qualifications Authority (NZQA) decided to introduce an internationally recognised system. By 2003, some 62 schools in New Zealand (38 state and 24 private) offered the Cambridge International Exam (CIE), which sits 2 key exams; a General Certificate of Education (GCE) at Advanced Level (i.e. A-Levels), and General Certificate of Education (GCE) at Advanced Subsidiary Level (i.e. AS-Levels). The International Baccalaureate academic qualification is also offered in some New Zealand schools.

Tertiary Study Options:

Universities

There are eight government-funded universities providing undergraduate and postgraduate degree programmes. Some also offer foundation programmes. Whilst all offer a broad range of degree subjects, each university has its own specialised courses.

The quality of a New Zealand university education is well recognised internationally. Many New Zealand graduates have gone on to achieve international recognition in their field. Many of the international students from developing Asian nations, who have studied at New Zealand universities, have since served as senior administrators, including cabinet ministers in their own countries.

Polytechnics and Institutes of Technology

A popular option is to study at one of the 25 government-funded polytechnics and institutes of technology. They offer a wide variety of programmes which can be both academically and vocationally focused. You may choose from a short course teaching a specific skill, or from a wide range of courses resulting in a certificate, a diploma or a degree. Some institutions offer Year 1 of a degree programme, with subsequent years being completed at a university.